

CHAPTER 1:

INTRODUCTION AND OVERVIEW

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION BY EXECUTIVE MAYOR

This annual report aims to not only comply with legislation, but to allow our colleagues in government, our residents and our visitors a glimpse at our unique and effective approach to governance and dedication to service delivery. This has been a challenging year during which we proved our commitment to exceptional service delivery and social development. We also made good use of the ample opportunities this year presented to learn and grow and it is my pleasure to present this, our Annual Report for the 2009/2010 financial year.

Our current position may be described as "in the eye of the storm". When the current budget was passed the rivers were flowing and although we were technically caught in a drought, there was little or no inkling of what was about to happen. Then the Karatara River stopped flowing and the Knysna River also came under pressure. We had plans in place, but these proved to be financially unattainable. The solution may have arisen out of an emergency, yet it is due to good governance that we now have a secured water supply in Sedgefield.

The 2010 FIFA World Cup™ presented our country with countless opportunities. As the only town in the Southern and Western Cape honoured to host two top European teams, we realised the necessity to reprioritize and spend money for various reasons. We have the obvious legacy of a top sports venue and our challenge must be to maintain it and enhance it going forward for all our residents. We have already started to see the benefit of our actions. Both Denmark and France have contributed to upgrading sports fields in our disadvantaged areas and Denmark has sponsored the costs of a Sports Development Officer for a full year. Now we must capitalize on these contributions and look to how we can further develop sports as an offshoot of tourism and involve our youth in this process.

We must remember that Knysna is first and foremost a tourism town. It drives our whole economy and will continue to be the driver for years to come. In welcoming the teams of Denmark and France, together with their officials, their journalists and their supporters, we opened Knysna to new international markets as a destination and to attract foreign investment – essential aspects to boost our economy.

Without putting too fine a point on it we are a green municipality and we should be leading the country if not the continent in this regard. The question we should therefore be asking of Council and our residents is how do we develop this municipality to become Africa's leading green municipality whilst also developing our infrastructure to sustain all our people and our environment? This is a huge challenge and one small aspect of the solution is our recycling drive. This drive has run since 1989, but we have to increase our participant rate. On average we recycle less than 20% of household refuse and we can only regard our recycling program as successful once we reach the 70% mark or more.

Our area experienced a very busy fire season further exacerbated by the drought and prevailing pro-fire conditions. My special thanks again to the fire fighters, the support staff who came from as far as Kwazulu-Natal, the aerial assistance and the public for their care and support given to the fire fighters during this time.

Nedbank donated R 500 000 to Knysna Municipality for assistance with our LED programmes. We assisted 14 Entrepreneurs through our SMME Incubator with equipment to run their businesses efficiently and 75 entrepreneurs with training in Business Management. 50 SMME's were also trained to familiarize themselves with BBBEE Code and legislation.

This year saw the establishment of Youth Forums in all the Municipal Wards and the election of the Youth Council. We are also privileged to have a standing agreement with the National Youth Development Agency in terms of a funding module and, more importantly, to have a Government portal to access programmes and opportunities for the youth.

During this year Knysna was also named the third most fiscally efficient municipality of its size in both 2009 and 2010

We may well find ourselves in the eye of the storm as I mentioned earlier, yet I believe that all we have achieved this year proves that we are more than equipped to face whatever comes our way. I thank my political colleagues, the Municipal Manager, Directors, Managers, Officials and all members of staff for their dedication and commitment to our town. I also look forward to facing the new financial year as the effective team that we are. Working as a team we can ensure the prosperity of our town and all who live here – together we can do more.

**COUNCILLOR E BOUW-SPIES
EXECUTIVE MAYOR**

1.2 OVERVIEW BY THE MUNICIPAL MANAGER

The time has once again come for us to look back at our performance during the last financial year and although our administration was faced with a number of challenges, I am proud to reflect on some of our most noteworthy accomplishments.

With assistance from the Provincial Disaster Management Unit, Provincial Treasury, National Treasury and the Department of Water and Environmental Affairs we have been able to implement numerous water augmentation projects throughout the greater Knysna Municipal area. We received and spent a combined R60 million on the seawater desalination plant in Sedgefield and the Water Augmentation Plant in Knysna. R10 million of this money we have borrowed, with the balance received from various national and provincial government departments.

The 2010 FIFA World Cup™ brought much excitement to South Africa and especially to our communities. From the onset we were insistent that this great tournament must be accessible for all our residents and 12 Community Viewing Areas (CVAs) were set up across the greater Knysna Municipal Area. The CVA's operated throughout the tournament and served as community centres equipped with audio and visual apparatus installed in order to bring this beautiful game to the people.

We need to realise that the economy of Knysna is dependent on the tourism industry. Creating tourism opportunities for disadvantaged communities to become economically active is crucial and a service provider has been appointed to draft a Tourism Master Development Plan to ensure a holistic approach to tourism development.

We regard local economic development as one of the key functions of local government and so the Knysna Economic Development Agency (KEDA) was registered with CIPRO and a Board of Directors was appointed. KEDA will act as a vehicle for Local Economic Development and sustainable growth in the underdeveloped communities within the borders of the greater Knysna Municipal area.

The Knysna Emerging Contractor Development Programme piloted earlier this year with a variety of private partners. A total of 120 emerging contractors were trained over a two week period in aspects of the contracting field. Two of these contractors secured contracts to the value of R4 million in the upgrade of the Knysna Lagoon road project, and a total of 33 of these contractors were used by Knysna Municipality for their infrastructure projects via the quotation system and tenders. One of these contractors was awarded a tender of R10 million for Integrated Human Settlement programmes.

The improvement of the Lagoon Road, Provincial Main Road 2, Section 10, was opened in time for the 2010 World Cup. With ample road surface and safe shoulders and a very neat pedestrian facility on the water's edge, it certainly provides Knysna with a fitting entrance from the West. The construction has provided much needed employment for residents of Knysna and was undertaken with very little disruption to normal traffic flow.

With all the curve balls coming our way our Disaster Management Officials have been hard at work in completing the Disaster Management Plan and ensuring that there are sufficient supplies for any eventuality, however we are still lacking a properly equipped Disaster Management Centre.

In terms of housing, the focus will be on increasing the variety and affordability of housing over the next three years. What is important to remember is that we are dependent on funding from Provincial and National Government for housing purposes and so are obliged to do the best we can with what we receive.

As a Municipality we have once again received an unqualified audit report for the third year in succession which clearly indicates our commitment towards Clean Audit 2014.

During the year under review the Director Strategic Services resigned at a very crucial time which lead to a delay in the implementation of some key programmes,ie; the NDPG, IDP LED and Youth and Gender. The continuous drought will have a negative effect on our already depleted resources and will put strain on our revenue base. Some of our challenges moving forward are being highlighted under Paragraph 1.6 (Table 6) of this Annual Report.

Even from these few examples, it may be deduced that more obstacles lie in wait for us over the next 12 months and beyond. Yet, in working closely with the political office bearers, this administration is committed to fulfil our Developmental Local Government goals by keeping our nose to the grindstone and performing our duties with pride and enthusiasm.

I proudly present this annual report for your perusal. I trust that it will illustrate our commitment to providing our residents with exceptional service delivery. Thank you for your support and thank you for your co-operation during the year to come.

JB DOUGLAS
MUNICIPAL MANAGER

1.3 INTRODUCTION AND OVERVIEW - LEGISLATIVE IMPERATIVES

The Municipal Finance Management Act (MFMA) requires that a municipality prepares an Annual Report for each financial year. The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders and that accountability and thereby transparency is strengthened.

Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out performance of the municipality and its external service providers, providing a comparison between targets and performance in the previous financial year and improved measures taken. The annual performance report must form part of the annual report.

The legislative provisions of the MFMA regarding annual reporting are set out in the following table:

SECTION	REQUIREMENT	LEGISLATIVE PROVISION
121(3)(a)	Annual Report with consolidated financial statements	Annual financial statements of the municipality, and, in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1)
121(3)(b)	Auditor-General's audit report	Auditor-General's audit report in terms of section 126(3) on those financial statements
121(3)(c)	Annual performance report	Annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act
121(3)(d)	Auditor-General's performance audit report	Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act
121(3)(e)	Accounting Officer's assessment on arrears	Assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges
121(3)(f)	Accounting Officer's assessment of performance on each vote of the budget	Assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for each vote in the municipality's approved budget for the relevant financial year
121(3)(g)	Audit corrective actions	Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d)
121(3)(h)	Explanations to clarify financial statements	Explanations that may be necessary to clarify issues in connection with the financial statements
121(3)(i)	Other information	Information as determined by the municipality
121(3)(j)	Audit Committee recommendations	Recommendations of the municipality's Audit Committee
121(3)(k)	Other prescribed information	Other information as may be prescribed

Table 1: MFMA requirements for the Annual Report

The 2009/10 Annual Report reflects on the performance of the Knysna Municipality for the period 1 July 2009 to 30 June 2010.

The Knysna Municipal Council has adopted a five-year plan, the Integrated Development Plan (IDP), determining how it will spend its budget from 2009/10 until 2011/12. This principal strategic planning instrument is agreed upon between local government and the residents of Knysna.

Budget priorities are then set for the entire town to optimally deploy resources. It also informs the Council's contribution to joint undertakings with Provincial and National Government. The basis of the five-year plan is infrastructure-led economic growth – using services and investments to make Knysna Municipality more attractive to investors and skilled workers. The town must become more globally competitive because investors create jobs and help to drive development.

This will create more opportunities for all citizens, including the poor and unemployed. The overall five-year plan is reviewed annually as new challenges and opportunities arise.

In order to measure and report on actual performance against its targets, the Council uses the Service Delivery and Budget Implementation Plan (SDBIP) and the critical components of the balanced scorecard methodology to cascade strategy down into the lower levels of the organisation. The Council has also aligned itself with national financial objectives by incorporating the national performance indicators into the corporate scorecard, which is monitored regularly. The Council performance highlights for 2009/10 will be reported within these parameters.

1.4 KNYSNA MUNICIPALITY AT A GLANCE

GEOGRAPHY & CLIMATE

- GPS position : - 34,029999 Latitude / 23,059999 Longitude
- Time Zone : GMT + 2 hours

The Knysna municipal area covers a total surface 1 059 km². It stretches from the Swartvlei in Sedgefield in the West to Harkerville in the East. The municipal area is bordered by the Outeniqua Mountains in the North and the Indian Ocean in the South. Knysna town is situated along the northern shores of the Knysna Lagoon

The area enjoys a mild climate with an average annual rainfall of 750 mm and temperatures ranging from 8°C in winter, to 28°C in summer, making it both a favourite holiday and retirement destination. The natural beauty of the surroundings has enticed artists of all discipline, earning it the reputation of artistic capital of the Garden Route.

The region's flora includes Afro-montane, or temperate rainforest, which covers the hilly terrain. An abundance of unique Cape Fynbos ('fine or delicate bush') grows throughout the region.

Knysna Municipality is situated in the Southern Cape which is a renowned tourist destination in the Republic of South Africa. It is on the Garden Route, about 500 km's East from Cape Town on the N2 between George and Plettenberg Bay. The Municipal area of Knysna includes the surrounding settlements of Sedgefield, Brenton, Belvedere, Rheenendal, Karatara, Knoetzie and Buffel's Bay. Although branch offices exist in the surrounding areas, the main Municipal activities take place in Knysna.

WARDS

The Municipality is currently structured into the following 8 Wards:

WARD	AREAS
1	Sedgefield, Smutsville & Sizamile
2	Karatara, Rheeendal, Buffel's Bay, Bibbie's Hoek, Agricultural areas
3	Town Hall, Lower & Upper Old Place, Town East of Long Street, Khayalethu North & South, Edameni; Brackenhill
4	White Location, Flenters, Rhobololo, Qolweni, Ethembeni
5	Brenton, Belvedere, Knysna Town, Leisure Isle, Paradise, Sparrebosch, Knysna Heads, Rexford, Hunter's Home
6	Hornlee, Sunridge, Hornlee Ext
7	Dam-se-Bos, Nekkies, Oupad, Hlalani, Hornlee (Fortuin Street & Donkerhoek)
8	Vermont, Fraaisig, Thesen Islands, Jood-se-Kamp, Concordia, Bongani

Table 2: Municipal Wards

Below is a map of the Knysna Municipality that indicates the location of the smaller towns and townships, as well as a topographical map of the Knysna area:

(Map 1 – Municipal Area)

(Map 2 – Towns and Townships)

The Greater Knysna Municipal Area is made up of socially and racially diverse communities. Due to in migration the area has experienced a rapid growth of a predominantly poor population. It is an area blessed with extraordinary environmental resources comprising majestic mountains, wetlands, estuaries, indigenous forests, rocky coastlines and beaches. These special natural attributes form the basis of tourism which contributes significantly to local economy. Knysna town and Sedgefield are the two primary urban settlements where retail and commercial activity are concentrated. On the plateau above the towns lie the population nodes of Karatara and Rheenendal.

The largest portion of the population of Knysna is located in the area north of the town generally referred to as the "Northern Areas". More than 3 500 housing units will be built here in the Vision 2002 and Flenters projects. Hornlee, located east of Knysna town, is another significant suburb comprised of predominantly middle to low income families. The Eastern and Western shores of the Knysna lagoon are flanked by attractive and well established "suburban" communities. The most significant recent residential developments are the golf estates at Simola and Pezula and the Marina on Thesen Islands.

POPULATION

The population of Knysna Municipality was 65 043 people in 2007. The population is diversified across race groups and culture and are characterised by varying levels of socio-economic status and education. Knysna's economy grew positively over the 2001 to 2007 period, which has supported labour absorption initiatives in the municipal area. The municipality has done well in respect of improving access to basic services and implements sound governance and administration practices.

Knysna has the 4th largest population in Eden District with a population size of 65 043 people in 2007 compared to 51 468 people in 2001. The population grew on average by 3.9 per cent between 2001 and 2007. Males accounted for 50.6 per cent of the total Knysna population in 2007 while females accounted for 49.4 per cent.

The gender ratio in 2001 was 97 males per 100 females, while in 2007 it increased to 102 males per 100 females. The male population increased from 25 357 people in 2001 to 32 888 people in 2007, at an average annual growth rate of 4.4 per cent. The female population increased from 26 111 people in 2001 to 32 155 people in 2007, which represents an average annual growth rate of 3.5 per cent.

Children accounted for 25.6 per cent (16 646) of Knysna's population in 2007. The child dependency ratio for 2007 is 37.3 per cent, which is a slight improvement from the 2001 ratio of 39.4 per cent. The youth represented 37.3 per cent of the population in 2007 and together with children represent 62.9 per cent of Knysna's population; hence Knysna has a relatively youthful population.

The working age population (15-64 years) accounted for 68.6 per cent of Knysna's population in 2007, growing at an average annual rate of 4.5 per cent over the period 2001 to 2007. Persons aged 65 years and older accounted for 5.9 per cent of the total population in 2007, down from 7.2 per cent in 2001. The aged dependency ratio also declined over the period from 10.9 per cent in 2001 to 8.5 per cent in 2007.

The overall dependency ratio improved from 50.3 per cent in 2001 to 45.9 per cent in 2007. The improved dependency ratio can be attributed to growth within the working age population being greater than growth within the children and elderly populations over the 2001 to 2007 period.

POPULATION RATIO:

The Coloured racial group was the largest population group in Knysna in both 2001 and 2007, growing at an average annual rate of 4.1 per cent between 2001 and 2007. The Black racial group was the second largest population group in 2007, growing at average annual rate of 5.6 per cent between 2001 and 2007. The White racial group maintained its ranking of the third largest population group in 2007. Representation by the Indian/Asian population in Knysna Municipality grew at an average annual rate of 17.0 per cent between 2001 and 2007, representing less than 1.0 per cent of the total population in 2007.

Table 1: Knysna's population groups, 2001 and 2007

Population Group	2001	2007	Average annual growth rate 2001-2007 (%)
Black	16 423	22 773	5.6
Coloured	22 608	28 806	4.1
Indian or Asian	102	261	17.0
White	12 342	13 203	1.1
TOTAL	51 475	65 043	

Source: Stats SA, Census 2001 and Community Survey 2007

Table 3: Demographic information of the municipal area

Knysna, "the town that works for all", is committed to bridge the gap between the extremely rich and extremely poor. The business of the Knysna Municipality is firmly entrenched on its mission which requires the need to provide affordable quality services, alleviate poverty and facilitate social and economic development through the Integrated Development Plan (IDP), co-operative governance, skills development and sustainable utilization of resources. Knysna Municipality embraces the notion of Developmental Local Government and subscribes to the following values:

- Service Excellence;
- Integrity and transparency;
- Morality and Honesty;
- Initiative and Innovation;
- Equity and Dignity;
- Commitment and Respect;
- Compassion and Professionalism;
- Conservation and Responsible Development.

Knysna Municipality recognises its developmental role and thus commits itself to facilitate interventions which should ensure the creation of new business enterprises and fostering partnerships with other government entities and the private sector. The strategic agenda of the Knysna Municipality embraces the following objectives which are fully aligned to the five national KPA's of local government.

A caring and contented town

Knysna Municipality seeks to facilitate real opportunities for the youth, women, the disabled and with appropriate care for the aged.

A successful and respected town

Knysna Municipality recognizes the fact that a sound economy is the basis for a successful town. It endeavours to maximize the benefits of growth sectors at all times and to explore diversification possibilities with specific focus on the poor.

An attractive and sustainable Town

Knysna Municipality ensures that a balanced approach is taken with environmental preservation and development of its community.

A reliably functioning town

Knysna Municipality seeks to ensure that all the citizens of the area have appropriate access to municipal services and infrastructure.

A financially sound town

Knysna Municipality will ensure prudent management of public funds, proper management of expenditure and other operational imperatives in order to seek additional financial support.

A dynamic and welcoming town

Knysna Municipality embraces the Batho Pele principles – "People First".

A town prepared for the future

Knysna Municipality positions itself as a leader in using technology and innovation to enhance service delivery to our community.

1.5 PLANNING PROCESSES

The Annual Report addresses the performance of the Knysna Municipality in respect of its core legislative obligations and service delivery priorities. A municipality's performance is assessed primarily against its development priorities and the objectives cited in its Integrated Development Plan (IDP). In light of this, it is important to understand the planning process followed by the Municipality and the outcomes of these planning processes. The end result of the planning processes is defined in the Municipality's IDP.

In terms of the Municipal Systems Act of 2000, the Executive Mayor is responsible for the preparation of the Integrated Development plan (IDP). The co-ordination of this responsibility was assigned to the Municipal Manager, who reports directly to the Executive Mayor. The IDP process and the drafting of outputs were co-coordinated internally and mechanisms were put in place to ensure that all stakeholders contribute to decision-making process.

The IDP Planning Process for Knysna Municipality was as stipulated in the IDP Process Plan adopted by Knysna Municipal Council. The planning phases as per the process plan is indicated in the following table:

Phase No	IDP Milestone	Start date	End date	Total number of days
1	Preparation	01/07/2010	31/08/2010	31
2	Analysis	01/09/2010	30/09/2010	30
3	Objectives, strategies and projects	01/10/2010	31/10/2010	31
4	Ward base plans (IDP/BUDGET IMBIZOS)	01/11/2010	31/03/2011	62
5	Budget summary (IDP/BUDGET IMBIZOS)	01/04/2011	13/05/2011	43
6	Approval	15/05/2011	31/05/2011	16

Table 4: Planning Process IDP

The main public participation consultation process takes place in all eight wards, and includes Community Development Workers, Ward Councillors, Ward Committees, Sector Directorates of Government and the IDP Representative Forum. This process was led and organised the Public Participation Department in the Corporate Services Directorate.

The roles and responsibilities of the different stakeholders are outlined in the table below, with specific reference to authority and level of involvement. The Strategic Management Team has been charged with the responsibility of ensuring a smooth flow of work from directorates into the IDP process. The Directorates lead that process through the respective five-year plans presented to the Strategic Management Team and thereafter consolidated into the Objectives, Strategies and Projects for the IDP.

Name of structure/ forum	Members	Functions
Strategic Management Team	<ul style="list-style-type: none"> • Executive Mayor • Mayoral Committee • Municipal Manager • Heads of Directorates 	<ul style="list-style-type: none"> • Engage in strategic discussions regarding the five-year plans for the respective functional areas. • Evaluate progress made in the implementation of the process plan and initiate corrective action where necessary. • Evaluate the impact of the Integrated Development Plans. • Review and refine the vision for the Knysna Municipality. Ensuring that the vision is incorporated into the IDP Forum and the Integrated Development Plan. • Refine and review IDP objectives, strategies and projects for consideration by Knysna IDP Forum and the incorporation thereof into the Integrated Development Plan. • Consider the Infrastructure Investment Plan
IDP Representative Forum	<p>Representatives of:</p> <ul style="list-style-type: none"> • National and provincial Directorates • Community base organizations • NGO's • Political parties • Ward Committees • Business Sector • Eden District Municipality 	<ul style="list-style-type: none"> • Ensure that every activity and decision taken in its meetings are properly communicated to the forum members' respective constituencies • Monitor the implementation of the Integrated Development Plan. • Reflect and safeguard community inputs by acting as the spokespersons for the communities. • Represent the interests of their communities. • Provide feedback to their communities • Provide an organisational mechanism for discussion, negotiation and decision making between stakeholders, including the municipal government. • Participate in the process of setting and monitoring key performance indicators.
Ward Committees & Community Development Workers	<ul style="list-style-type: none"> • Ward Councillor • Representatives of sectors in the community 	<ul style="list-style-type: none"> • Serving as communication channel between the Municipal Council and the Community • Inform communities of Council Decisions • To work with Municipalities in order to help bridge the gap between Government and the communities
Ward Councillors	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • To create platform ward committees and community to engage in the IDP processes, • Is the chairperson of the Ward Committee that must make inputs in IDP.

Table 5: IDP consultation forums

1.6 MUNICIPAL CHALLENGES¹

The following challenges are experienced by the municipality:

CHALLENGES	ACTIONS TO ADDRESS
NATIONAL CONTEXT	
CDW's :Employed by Province	<ul style="list-style-type: none"> • Province should communicate the CDW programme with the Municipality's Public Participation Section
GOOD GOVERNANCE	
Ward Committees functionality	<ul style="list-style-type: none"> • More integration between Provincial Government and Public Participation
SERVICE DELIVERY	
<ul style="list-style-type: none"> • Housing 	<ul style="list-style-type: none"> • Require adequate funding for upgrading of existing and new bulk services, assistance is required from National and Provincial Human Settlements Departments for additional funding and both National and Provincial Government, as well as the Housing Development Agency to assist with land acquisition
<ul style="list-style-type: none"> • Electricity Bulk Infrastructure 	<ul style="list-style-type: none"> • Department of Minerals and Energy assist Municipality to acquire and install ring supply in order to reduce overloads of lines.
<ul style="list-style-type: none"> • Land acquisition 	<ul style="list-style-type: none"> • Identify state land, Rural development to submit area base plans to Knysna Municipality
<ul style="list-style-type: none"> • Water Augmentation 	<ul style="list-style-type: none"> • DWA, DEADP, DEA, Province: Funding source for the expansion Water storage capacity, including technical assistance if required
<ul style="list-style-type: none"> • Road Maintenance 	<ul style="list-style-type: none"> • Department of Public Works Transport assist with funding for, upgrade, rehabilitation, reseal and regravel of roads with economic and social development potential.
BIODIVERSITY & ENVIRONMENTAL ISSUES	
	<ul style="list-style-type: none"> •

Table 6: Municipal challenges

1.7 MUNICIPAL PRIORITIES²

The following were the priorities of the municipality for the year under review:

Priority	Action with which addressed
Housing	Additional funding is required for the upgrading of existing and new bulk services in order to allow for housing development. Land is required for the roll-out of new projects.
Electricity Bulk Infrastructure	Department of Minerals and Energy assist Municipality to acquire and install ring supply in order to reduce overloads of lines.
Land Acquisition	Identify state land, Rural development to submit area base plans to Knysna Municipality
Water augmentation	DWA, DEADP, DEA, Province: Funding source for the expansion Water storage capacity, including technical assistance if required
Road Maintenance	Department of Public Works Transport assist with funding for, upgrade, rehabilitation, reseal and regravel of roads with economic and social development potential.

Table 7: Municipal priorities

1.8 GOVERNANCE STRUCTURE³

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their role is to debate issues publicly and to facilitate political debate and discussion. The council plays a very active role in the operations of the Municipality. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

The Council of the Knysna Municipality comprises of 16 elected Councillors, made up from 8 Ward Councillors and 8 Proportional Representation (PR) Councillors. The portfolio committees are made up of councillors drawn from all political parties.

² Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

³ Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

The party representation in the Council is represented the table below:

Name of councillor	Capacity	Political Party	Ward representing or proportional
Eleanore Bouw-Spies	Executive Mayor	ANC	Proportional Representative
Donald Kemoetie	Executive Deputy Mayor/ Executive Councillor Finance	ANC	Ward 6: Hornlee, Sunridge, Hornlee Extension
Victor Molosi	Speaker	ANC	Ward 8: Vermont, Fraaisig, Thesen Islands, Joodse-Kamp, Concordia, Bongani
Andrew Finn	Executive Councillor Technical Services	ANC	Proportional Representative

Name of councillor	Capacity	Political Party	Ward representing or proportional
Nompumelelo Koti	Executive Councillor Community Services	ANC	Ward 7: Dam-se-Bos, Nekkies, Oupad, Hlalani, Hornlee (Fortuin Street & Donkerhoek)
Theodoris Naylor	Ward Councillor	DA	Ward 1: Sedgefield, Smutsville & Sizamile
Lawrence Jule	Ward Councillor	ANC	Ward 2: Karatara, Rheeendal, Buffel's Bay, Bibbie's Hoek, Agricultural areas

Name of councillor	Capacity	Political Party	Ward representing or proportional
Amy Matungana	Ward Councillor	ANC	Ward 3: Knysna Central, Lower & Upper Old Place, Town East of Long Street, Khayalethu North & South, Edameni; Brackenhill
Sonwabo Loliwe	Ward Councillor	ANC	Ward 4: White Location, Flenters, Rhobololo, Qolweni, Ethembeni
James Botha	Ward Councillor	DA	Ward 5: Brenton, Belvidere, Knysna Town, Leisure Isle, Paradise, Sparrebosch, Knysna Heads, Rexford, Hunter's Home
Richard Dawson	Councillor	DA	Proportional Representative

Name of councillor	Capacity	Political Party	Ward representing or proportional
Winile Joyi	Councillor	NPP	Proportional Representative
Nofinish Gungubele	Councillor	ANC	Proportional Representative
Henry McCombi	Councillor	DA	Proportional Representative

Edna October	Councillor	DA	Proportional Representative
Georlene Wolmarans	Councillor	ID	Proportional Representative

Table 8: Composition of the Council

1.9 EXECUTIVE MAYORAL COMMITTEE⁴

The Executive Mayor of the Knysna Municipality, Councillor Eleanore Bouw-Spies, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Council is politically stable for the past two and a half years and this contributed to the success of the Municipality and morale of staff.

^{5 & 6} Circular 11 refers to this section as Executive Summary which mainly focuses on the planning process followed by municipal overview, the geographic and demographic information, challenges and planning priorities and the governance structure. The municipality preferred to document the information under the respective topical headers.

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee. Each member is responsible for a portfolio whilst remaining accountable to the Mayoral Committee and the Executive Mayor, in particular. The name of each Member of the Mayoral Committee is listed in the table below:

Name of member	Capacity
Eleanore Bouw-Spies	Executive Mayor
Donald Kemoetie	Deputy Mayor (MMC - Finance)
Andrew Finn	Member (MMC - Technical Services)
Nompumelelo Koti	Member (MMC - Community Services)

Table 9: Composition of Mayoral Committee

1.10 PORTFOLIO COMMITTEES⁵

The portfolio committees' primary responsibility is to exercise oversight over the executive arm of the municipality's governance structure. These committees monitor the delivery and outputs of the executive and may request Directorates to account for the outputs of their functions. Executive Councillors account for executive decisions and operations performed in general policy framework agreed to by Council and although the portfolio committees play an oversight role, they do not have any decision-making powers. These committees are responsible for submitting their reports to Council as the Legislature. The portfolio committees for the current Mayoral Term and its Chairpersons are as follows:

Committee	Chairperson	Number of reports submitted to council in 2009/10
Finance, Economic Development & Governance	Donald Kemoetie	<ul style="list-style-type: none"> • 8 meetings were held • 520 agendas were distributed and 66 reports were received
Infrastructure Development & Integrated Human Settlements	Andrew Finn	<ul style="list-style-type: none"> • 9 meetings were held • 585 agendas were distributed and 153 reports were received
Community Services	Nompumelelo Koti	<ul style="list-style-type: none"> • 8 meetings were held • 520 agendas were distributed and 49 reports were received

Table 10: Section 80 Portfolio Committees

1.11 SENIOR MANAGEMENT PROFILE

The Municipal Manager is the Chief Accounting Officer of the Municipality and head of the administration. He primarily serves as chief custodian of service delivery and implementation of political priorities.

Mr Johnny Douglas brought stability and visionary leadership to the management of Knysna Municipality. He is assisted by a management team, which consists of the following members:

Name	Directorate
Johnny Douglas	Municipal Manager (1 Jan 2007 – currently)
Reginald Smit	Director: Corporate Services (1 Jan 2008 – currently)
Grant Easton	Director: Financial Services (1 July 2007 (second contract) – currently)

Name	Directorate
Charl Botha	<p>Director: Community Services (1 November 2008 – currently)</p>
Lauren Waring	<p>Director: Development and Planning (1 Nov 2008 – currently)</p>
Neale Perring	<p>Director: Technical Services (1 May 2006 – currently)</p>
Brian Blaauw	<p>Acting Director: Strategic Services (1 Jul 2009 – 30 June 2010)</p>

Name	Directorate
Len Richardson	Electro-Technical Services (since 1 May 1983 – to date)

Table 11: Management Team

CHAPTER 2:

PERFORMANCE

HIGHLIGHTS

2.1 INTRODUCTION

The Municipal Systems Act 32 of 2000, the Local Government: Municipal Planning and the Performance Management Regulations 2001, require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the Municipality prepares a Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates quarterly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The Municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council and ultimately presents the annual performance in this annual report.

This chapter speaks to the performance highlights in terms of the Municipality's IDP, performance on basic service delivery and backlogs addressed, the MIG projects as well as the spending priorities for the following year. It addresses the communication and public participation processes of the Municipality to give a holistic view of how the Municipality communicates performance to its stakeholders.

2.2 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

2.2.1 Communication

Public participation is of critical importance to governance and effective delivery in the municipal area. The Knysna Municipality developed a communication strategy including systems to communicate with all its stakeholders. The Municipality held regular engagements with local communities and ensured that their inputs were taken into account. Public participation events during the year under review were participative and informative.

The communication strategy of the municipality has the following objectives:

- Deliver high standards of communication and information provision through regular communication with municipal staff, local residents, decision makers, stakeholders and its partners.
- Ensure that the communication process is accessible, open and transparent while enabling the Municipality to obtain information which informs its decisions, policies, plans and activities.
- Empower local communities by keeping them informed about local government issues and how they can participate in these processes.
- Improve and encourage good media relations.
- Promote and encourage intergovernmental relations.

- Establish a comprehensive diary of events for the municipality.
- Promote a clear understanding of the Municipality's vision, aims and objectives.
- Provide a framework wherein communities have the opportunity to contribute to the decision making process.

The strategy also makes provision for the following external communication documents:

METHOD OF COMMUNICATIONS	DESCRIPTION
1. Newsletter	<ul style="list-style-type: none"> • It is one of the most important tools for the Municipality in communicating with residents, published quarterly and distributed to all the citizens in the Knysna area. It is available at libraries. In addition it is distributed in three official languages by Ward Councillors
2. Publicity and information leaflets	<ul style="list-style-type: none"> • These include promotional material, strategy documents and statutory information to inform the public and partners about municipal activities.
3. Agendas, reports and minutes	<ul style="list-style-type: none"> • These are issued for meetings of Council which are open to the public.
4. Media Relations	<ul style="list-style-type: none"> • Media releases and feature material - produced or originated corporately or in conjunction with the Political leadership.
5. Advertising	<ul style="list-style-type: none"> • Produced for information and promotional purposes. It is also used to promote and market the Municipality and decisions taken.
6. Website and E-Communication	<ul style="list-style-type: none"> • Using the Municipality's Website to communicate and market the area. Dedicate one or two pages to the social and economic development of the youth. Highlight strategic messages on the home page.
7. Face-to-face	<ul style="list-style-type: none"> • Consultation exercises, Imbizo, road shows, focus groups, regular meetings, questionnaires etc. These gather information and views from various groups and sections of the community. They are also used for communicating and discussing local issues, performance management and scrutiny and for directing and informing service development and delivery.
8. Contact strategy	<ul style="list-style-type: none"> • This strategy outlines the communications channels within the municipality i.e. – what are the channels available to media and public to contact the municipality, get information and for general enquiries.

2.2.2 Public Participation and IGR

Broader community participation was also encouraged through engagements in the following structures, media, publications and other communication tools:

Structure/ Publication	Frequency	Stakeholders	Objectives/ functions
Ward Committee meetings	Bi-monthly	<ul style="list-style-type: none"> • Ward councillors (Chairpersons) • Ward committee members (Elected from the community) • Community • Senior management personnel of municipality 	<ul style="list-style-type: none"> • To inform the community of council decisions, municipal affairs etc. • To enable the community to inform the ward councillor/ municipality of their concerns.
Public meetings/ Mayoral Imbizo's on IDP & Budget	Annually	<ul style="list-style-type: none"> • Mayor and councillors • Community • Senior management personnel of municipality • Ward Councillors, • Executive Mayor 	<ul style="list-style-type: none"> • To inform the community of council decisions, community rights and duties, municipal affairs etc. • To enable the community to inform the councillors and officials of their issues.
Council meetings (open to public)	Six bi-monthly ordinary meetings and 8 special council meetings	<ul style="list-style-type: none"> • Mayor and councillors • Senior management personnel of municipality 	<ul style="list-style-type: none"> • To inform the community of council decisions, community rights and duties, municipal affairs etc.
Special IDP and budget engagements	Annually	<ul style="list-style-type: none"> • Mayor and councillors • Community • Senior management personnel of municipality 	<ul style="list-style-type: none"> • To inform the community of IDP and budget related matters • To obtain community input on content of IDP and proposed.
Municipal newsletters	Monthly	<ul style="list-style-type: none"> • Mayor and councillors • Community • Personnel of municipality 	<ul style="list-style-type: none"> • To inform the community of council decisions, events, municipal affairs etc.
Municipal Website	Continuously updated	<ul style="list-style-type: none"> • Mayor and councillors • Community • Personnel of municipality 	<ul style="list-style-type: none"> • To provide comprehensive information of municipal affairs
IDP forum	Quarterly	<ul style="list-style-type: none"> Representatives of: <ul style="list-style-type: none"> • National and provincial Directorates • Community base organizations • NGO's • Political parties • Ward Committees • Business Sector • Eden District Municipality 	<ul style="list-style-type: none"> • To ensure that every activity and decision taken in its meetings are properly communicated to the forum members' respective constituencies • To monitor the implementation of the Integrated Development Plan. • To reflect and safeguard community inputs by acting as the spokespersons for the communities. • To represent the interests of their communities. • To provide feedback to their communities • To provide an organisational mechanism for discussion, negotiation and decision making between stakeholders, including the municipal government. • To participate in the process of setting and monitoring key performance indicators.
Sector Government Directorates	Quarterly	Relevant Provincial and National Government Sector Directorates	<ul style="list-style-type: none"> • To inform Knysna Municipality of their projects that will be undertaken within our municipal jurisdiction. • To integrate Provincial and National Government projects and programmes.

Structure/ Publication	Frequency	Stakeholders	Objectives/ functions
			<ul style="list-style-type: none"> • To allow Government Directorate to make input into IDP instead of just evaluating and assessing our IDP.

Table 12: Public participation tools

The Knysna Municipality also participates actively in the following IGR structures:

STRUCTURE	MUNICIPAL REPRESENTATIVE
Premier's Coordinating Forum	Municipal Manager and Executive Mayor
Premier's Strategic Task Team	Municipal Manager and Director Technical Services
Department Water Affairs and Forestry Regional Bulk Water Forum	Director Technical Services
Department Water Affairs and Forestry Blue Drop/Green Drop	Director Technical Services
PROVCOM	Portfolio Councillor and Director Technical Services
Provincial Advisory Forum	Municipal Manager and Executive Mayor
Provincial Drought Disaster Management Forum	Municipal Manager, Director Technical Services and Director Planning and Development
Provincial IDP Managers Forum	Director Strategic Services and IDP Manager
Provincial Treasury IYM (In Year Monitoring)	Chief Financial Officer, Budget Office, Project Management Unit and Manager Performance, Internal Audit and Risk Management
Eden District Advisory Forum	Portfolio Councillor for IDIHS and Director Planning and Development
Eden District Bulk Services Forum	Director Technical Services
Eden District and Provincial IDP Forums	Director Strategic Services and IDP Manager
Eden District CFO Forum	Director Finance
Eden District Communication Forum	Manager Public Participation
Eden District Coordinating Forum	Executive Mayor and Speaker
Eden District HR Management Forum	Manager Human Resources and Director Corporate Services
Eden District Intergovernmental Forum	Municipal Manager, Executive Mayor and Speaker
Eden District Local Economic Development Forum	Director Strategic Services and LED Manager
Eden District Public Transport Forum	Director Technical Services
Eden District Legal Advisors' Forum	Manager: Legal Services
Eden District Collaborator Users' Forum	Manager: Administration
The Local Government MTECH process	Municipal Manager and Directors
District Intergovernmental Technical Forum	Municipal Manager
Municipal Managers Forum	Municipal Manager
SALGA Forums	Municipal Manager, Directors and Members of the Mayoral Committee
CFO Forum	Director Financial Services as Chief Financial Officer
MIG forum	Director Technical Services
Risk Management Forum	Manager Performance, Internal Audit and Risk Management
Chief Audit Executive Forum	Internal Auditor
PROFTECH	Director Technical Services
Eden District Assessment Committee	Portfolio Councillor and Director: Planning and Development
Water Forums: • Gouritz Water Catchment Management	<ul style="list-style-type: none"> • Director Technical Services

<ul style="list-style-type: none"> Association, Wilderness Lakes Water Forum, Knysna Catchment Management Forum 	<ul style="list-style-type: none"> Councillor Representative and Director Technical Services Councillor Representative and Director Technical Services
--------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

2.3 PERFORMANCE IN TERMS OF THE NATIONAL KPA's

The performance of the municipality against the National KPA's can be summarised as follows:

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT
<u>Basic Service Delivery</u>	
(a) The percentage of households with access to basic level of water (<i>This also includes non municipal water sources</i>)	100%
(b) The percentage of households with access to basic level of sanitation	100%
(c) The percentage of households with access to basic level of electricity	90%
(d) The percentage of households with access to basic level of solid waste removal (Urban Areas)	100%
(e) The percentage of households earning less than R1,100 per month with access to free basic services (Urban Areas)	100%
<u>Municipal Institutional development and transformation</u>	
(a) The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	4
(b) The percentage of a municipality's budget actually spent on implementing its workplace skills plan	(R 664,778.72/ R 376,055,482) 0.18%
<u>Local economic development</u>	
The number of jobs created through municipality's local, economic development initiatives including capital projects	9,576
<u>Municipal financial viability and management</u>	
Financial viability as expressed by the following ratios:	(R445,430,223 – R61, 731,894)/ (R16,556,865 + R11,807,117) 13.52%
• Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	(R60,933,166 + R26,120,151)/ (R108,596,693 + 175,57,648) 30.63%
• Service debtors to revenue – (Total outstanding service debtors/revenue received for services)	(R13,295,233+R26,963,629- R10,185,666)/ ((R114,085,075 + R4,302,404 + R16,566,865 + R12,220,210)/12) 2.45 times
<u>Good governance and public participation</u>	
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (internal capital allocation)	(R99,592,655 / R110,844,000) 89.85%

Table 13: Performance against National KPA's

2.4 PERFORMANCE HIGHLIGHTS PER MAIN FUNCTIONAL DIVISION

High-level performance highlights with regard to the various main functional divisions in the Municipality are indicated in the table below:

Directorate/ Functional division	Highlights 2009/2010
Municipal Manager	<ul style="list-style-type: none"> ▪ Drought <ul style="list-style-type: none"> ○ Overall management of the drought mitigation measures implemented by Council including awareness programs, interactions on a District, Provincial and National level, execution of capital projects and reporting. ▪ Word Cup 2010 <ul style="list-style-type: none"> ○ Executive oversight over the World Cup 2010 budget, programmes, projects and initiatives approved by Council and implemented by the various directorates and service providers. ▪ Governance <ul style="list-style-type: none"> ○ A new department was created to manage Internal Audit, Risk and Performance Management including the SDBIP ○ Fully functioning Audit Committee ○ Updated Draft Risk Register for 2009/2010 ○ Seventeen officials attended the first eight modules of the minimum competency training provided by Council. ▪ Performance Management (PMS) <ul style="list-style-type: none"> ○ Performance agreements signed with all appointed section 57 appointees. ○ Service Delivery and Budget Implementation Plan (SDBIP) for 2010/2011 linked to the approved IDP ○ Quarterly SDBIP reviews held with the Mayor and directorates ○ Online SDBIP system implemented and utilised with 60 active users ○ Introduction on monthly SDBIP reporting

Corporate Services	<ul style="list-style-type: none"> The reduction of legal costs of employing external law firms by almost 50% The adoption of 8 policies by council The adoption of 3 By-laws by council and the repeal of two outdated By-laws The management of the ward delimitation process on behalf of the Demarcation Board The management of the distribution of world cup tickets to the members of the public The attendance of the Municipal Finance Management Program by 17 officials of the municipality in order to make them competent to occupy their positions after 2013
Financial Services	<p>Budget Office</p> <ul style="list-style-type: none"> Unqualified 2008/2009 and 2009/2010 Annual Financial Statements 2010/2011 Budget (MTREF) approved in line with Municipal Budget Reporting Regulations (MBRR) <p>Expenditure</p> <ul style="list-style-type: none"> SCM system developed including reporting, email of orders and RFQ alerts. Council equipment (Photostat machines) tender finalized <p>Income</p> <ul style="list-style-type: none"> Received an additional R 47 million for debtors Achieved an overall payment ratio of 96% (94%) 2008/2009 Additional rates rebates introduced for Nature areas (Green rebate) <p>IT</p> <ul style="list-style-type: none"> Implemented a more cost effective municipal wireless IT network (Muninet) Introduced "New look" website
Community Services	<p>Department: Libraries, Arts, Culture & Heritage</p> <ul style="list-style-type: none"> Libraries <ul style="list-style-type: none"> The Sedgefield stock losses were within the acceptable norm therefore no payment was required from Council; A reading project was established in Karatara, resulting in increased membership and circulation statistics; Family literacy and ABET classes was established – 2 x Literacy Facilitators appointed with PAWC funding and to date the programme has more than 50 beneficiaries; A container library established at Concordia. This received accolades for being the highest circulating library in the Outeniqua control area (Heidelberg to Beaufort West). It is also the first library of its kind in the Region; A 2010 Mosaic Mural erected at Sedgefield library and unveiled by Cllr Koti; Four computers were installed at Sedgefield & Knysna for public use. Arts & Culture <ul style="list-style-type: none"> R30 000 was received from Eden District Municipality for a craft project- funding proposal prepared by Section on behalf of 'The Greater Knysna Cultural Forum' Heritage <ul style="list-style-type: none"> Replacement of the sword on War Memorial Ox wagon repaired – transport display will be established <p>Department: Community Safety</p> <ul style="list-style-type: none"> Traffic Department <ul style="list-style-type: none"> The Traffic Department worked very closely with both international- and local law-enforcement fraternities during the FIFA 2010 Soccer World Cup. No incidents were reported and the escort of the French- and Danish National Teams were carried out without any problems. Disaster Management & Law-Enforcement <ul style="list-style-type: none"> The Manager: Law Enforcement was responsible for the management of the VOC liaising with international counterparts and SAPS with regards to the safety and movements of the two international teams and even responding to a threat to the safety of international journalists at the Media Centre. <p>Fire Services</p> <ul style="list-style-type: none"> The prevailing green drought yet again challenged the Fire Department. Predictions for the next decade are that conditions will become even drier for this region. We had to call on the assistance of various Government institutions to assist with two fires, namely Brenton and Rheenendal. There was no loss of life and one garage with a vintage vehicle inside was burned down. <p>Department: Parks and Recreation</p> <ul style="list-style-type: none"> Parks Department beautified town in preparation of our international dignitaries. Two

	<p>officials were enrolled at the Technical University of Cape-Town to follow a specialised programme in Turf Management with the view of properly maintaining the new pitch at Loerie Park Sports field, and for future upgrades and maintenance of other local sport fields. They successfully completed their training.</p> <p>Department: Solid Waste</p> <ul style="list-style-type: none"> ○ In line with Council's Waste Minimisation Strategy the Department purchased wheelie bins at an amount of R 584 500 for areas like Buffel's Bay, Hornlee and Hunters Home. ○ A Vacuum Tanker was converted into a Tipper Truck to clear up the illegal dumping sites in the municipal area at a cost of R90 000-00. ○ Drilling of strategic boreholes at Sedgefield cemetery was done in line with the High Court judgment as well as the connection of the cemetery ablution facilities to the Municipal sewer line. <p>Youth Development</p> <ul style="list-style-type: none"> ○ The Knysna Youth Council was established with the help of the Eden District Youth Council and the Eden District Youth Coordinator.
Technical Services	<ul style="list-style-type: none"> ▪ Drought Management The successful management of the water supplies to meet the drought conditions in all supply areas. Participation in the Provincial Strategic Task Team, and Provincial Drought Disaster Management Team. The Provincial award of R22.2 million and a further R17.9 million in drought relief funding from National Government was added to the R20 million spent in Sedgefield ▪ Capital Expenditure As a result of the drought the capital program for Water services increased by 300% straining all resources ▪ Sedgefield Desalination Plant Currently the largest desalination plant in South Africa and one of engineering facilities was completed in time at an increase to an already heavily committed capital program ▪ Water Supplies All urban residents receive potable water to supply standards. Blue Drop and Green Drop evaluation by Department Water Affairs were satisfactorily.
Strategic Services	<p>Integrated Development Plan (IDP)</p> <ul style="list-style-type: none"> ▪ Public participation of IDP ▪ Approved 2010/2011 IDP <p>Local Economic Development (LED)</p> <ul style="list-style-type: none"> ▪ Provision of an incubation facility for SMME's ▪ Develop partnership proposals for potential economic development projects ▪ Facilitate woman and youth entrepreneur development by establishing new entrepreneurs ▪ Developed marketing brochures and pamphlets to promote Arts & Crafts in Knysna <p>Sport Development and Word Cup</p> <ul style="list-style-type: none"> ▪ Media Village – Establishment and daily operation of the French and Danish Media centers. ▪ Flags – adornment of major municipal roads with the South African, French and Danish national flags ▪ Community Activation Events – these included; <ul style="list-style-type: none"> ○ 1000 Voices from the Knysna Forest Choral Choir Event ○ Knysna Loves Denmark Event ○ 2010 Community Kick-off Event ○ Paris-Joburg Jazz Event ○ Knysna 2010 Community Library Activity Program ○ Giant Puppet Show ○ Knysna Municipality 2010 Soccer Themed Art Exhibition ○ 2010 Schools Mural Competition ○ 2010 Kiddies Soccer Tournament ○ 2010 Community Dance for Life Production ▪ More than 12,000 people from the local community participated in the Knysna 2010 Community Activation program, ▪ 2010 Volunteers program ▪ 13 World Cup 2010 Community Viewing Areas
Planning and Development	<p>The Vision 2002 and Flenters/Robololo/Concordia projects are progressing well. The Provincial Housing allocation was R34 million and due to Council's ability to deliver quality accommodation the Provincial Administration allocated an additional R12 million. This is a remarkable achievement in the light of the current economic climate and limitations on State spending. This will provide over 500 new homes to people who were previously inadequately accommodated. Of significance this year was that rather than utilise a single large contractor, 10 emerging contractors were</p>

	<p>appointed from within the community. These contractors have proven their worth and delivered to time and cost a product of which they can really be proud. Council is proud of them and trusts these contractors will grow from strength to strength.</p> <p>Council resolved that the transfer of all residential sites in Karatara must proceed. This will allow all households in this town to finally have secure tenure and a home of their own.</p> <p>As of this year Knysna has driven this process and now has an innovative and collaborative multi-party agreement which paves the way for land acquisition.</p> <p>The Municipality is part of the Built Environment Support Program. This project, over the next three years, will look at expanding and developing the Integrated Human Settlement Strategy and the Spatial Development Framework into credible and sustainable project-linked strategies.</p> <p>With regards land use and building control, there has been a tightening of the reins in this regard and this has resulted in an improved turn-around time for applications.</p> <p>The increased demands and stringent requirements of Environmental Management means that detailed planning and EIA approvals will now have to be undertaken by Council well ahead of any proposed development in order that the required assurances can be given to these Environmental authorities that the Council can provide the service.</p>
Electro- technical Services	<ul style="list-style-type: none"> • Upgrading of Nelson Street Substation • Installation of 22kv Cable from Eastford Substation to Salt River Substation • Installation of new 20/25MVA, 66/11kv Supply Transformer at the Intake Substation • Erecting of Highmast Lighting in Concordia • Install 185mm² 3c Cu Feeder Cable in Sedgefield

Table 14: High-level performance highlights per main functional division

ADDITIONAL PERFORMANCE STATISTICS FOR 2009/10

Description	2009/10			
Traffic services				
Complaints attended by Traffic Officers	Standard:	1,542	Emergency:	567
Special Functions - Escorts				20
Motor Vehicle Licenses				27,235
Drivers Licenses				2,430
Traffic Offences –fines issued	Traffic Offences:			13,671
	Speeding Violations:			8,297
	Sec 341 Notices (Traffic Dept.):			1,199
	Sec 341 Notices (Safety & Security):			4,175
Fire Services				
Operational call outs				1,021
Libraries & Museums				
	Target:		Actual:	
Total number of new members registered	3,900		3,765	
Total number of items issued	380,000		421,042	
Total number of Study items issued	25,000		21,633	
Number of Computer users	4,400		13,996	
Time spent on Internet	3,000		42,182	
Extent of volunteer involvement days worked	586		394	
Number of suitcase libraries established	20		366	
Number of ABET Beneficiaries in Libraries	120		248	
Number of visitors to Museums	10,800		10,352	
Total number of events held at museum	24		43	

Table 15: Additional performance statistics

Detailed information on the performance per KPA's per functional area is discussed in Chapter 4.

2.5 BASIC SERVICES DELIVERY

2.5.1 Provision of free basic services

Equitable services

The target of giving all residents in informal settlements access to a basic water supply was achieved by installing standpipes.

The free basic services with regards to electricity, water, sanitation and refuse removal provided by the Knysna Municipality during the 2009/10 financial year are summarized in the tables below:

The rates rebates provided as part of the free basic services initiative are summarised in the table below:

Rates¹:

Account description	R'000
Rates Rebate: Exemptions	69
Rates Rebate: Pensioners	843
Rates Rebate: Domestic 20%	15,131
Rates Rebate: Non-Urban Domestic	1,054
Rates Rebate: Government	446
Rates Rebate: Church's	704
Rates Rebate: Private schools	78
Rates Rebate: Indigent	88
Rates Rebate: Nature Area	528
Total	18,941

Table 16: Rates rebates

The free basic services² with regards to electricity, water, sanitation and refuse removal provided by the Knysna Municipality during the 2009/10 financial year are summarized in the tables below:

Electricity:

Account description	R'000
Electricity Rebate: Bulk Development	8
Electricity Rebate: Free Units	2,314
Total	2,322

Table 17: Free basic electricity

Water:

Account description	R'000
Water Rebate: Free Units	4,178
Water Rebate: Other	23
Water Rebate: Indigent 100%	836
Water Rebate: Indigent 50%	41
Water Rebate: Indigent 25%	13
Total	5,091

Table 18: Free basic water

¹ Total taken from AFS note 23

² Totals taken from AFS note 25

Sanitation:

Account description	R'000
Sewer Rebate: Other	48
Sewerage Rebate: Indigent 100%	678
Sewerage Rebate: Indigent 50%	30
Sewerage Rebate: Indigent 25%	7
Total	763

Table 19: Free basic sanitation

Refuse removal:

Account description	R'000
Refuse Rebate: Other	24
Refuse Rebate: Indigent 100%	828
Refuse Rebate: Indigent 50%	35
Refuse Rebate: Indigent 25%	10
Total	897

Table 20: Free basic refuse removal

Total Rates and Services provided free

Account description	R'000
Rates	18,941
Services	9,073
Total	28,014

Table 21: Total Rates and Services provided free

2.5.2 Access to basic municipal services

The following table indicates the number of households which gained access to the different classes of basic services in the during the 2009/10 financial year:

Type of service	2008/09	2009/10
Housing	248	540
Water	248	540
Sanitation	248	540
Refuse removal	663	774
Electricity	376	349
Storm Water	248	540

Table 22: Access to basic services – 2009/10

2.5.3 Summary of backlogs that must still be addressed

An analysis of a recent survey that was undertaken by the Eden District Municipality of regional infrastructure revealed the following:

- Bulk Water Supplies: The following bulk water supply schemes are required to be funded in the short term to permit housing delivery and development.

Rheenendal raw water supply and treatment works	= R10 million
Karatara increase dam	= R3 million
Knysna dam and supply pipelines	= R164 million
- Waste Water Service: The following bulk wastewater treatment facilities are required in the short term to permit housing delivery and development.

Knysna Waste Water Treatment Works	= R39.5 million
Sedgefield Waste Water Treatment Works	= R15 million
Karatara Waste Water Treatment Works	= R6 million
- Access to Water Supplies in the Greater Knysna Area is 100%. All urban residents have access to piped potable water. Rural residents use other water sources.
- Road maintenance and construction: Due to funding restraints no construction of gravel roads and no resealing have been possible for 2008/09 and 2009/10. The backlog is being re-evaluated in 2010/11.
- Sewer reticulation: In Sedgefield approximately 2000 erven or 62% of the town rely on septic tanks and for environmental and health reasons are required to be relocated.
- 100% of households in urban areas do have access to refuse removal. In the rural areas, mainly own refuse dumps are used.
- 90% of Households are using electricity for cooking and heating
- Electric lighting is available to 93% of households in the Knysna area.

- An alarmingly high percentage of households still use candles for lighting in some wards, which reflects the increase in the number of informal settlements in the area. There is a focused approach to deal with this challenge in the poverty stricken wards.

The following table indicates the backlogs³ still to be addressed in the Knysna municipal area:

Area	Total no of households	Timeframe to be addressed	Cost to address
Housing	7,989	15 years	R869 million
Water	591	5 years	R10 million
Sanitation	3,682	5 years	R5 million
Refuse removal (at least once a week at site)	-	-	-
Electricity (in house)	230	2010/2011	R2 million
Streets and storm water	-	-	-

Table 23: Service delivery backlogs

2.5.4 Capital budget spent on municipal services

The percentage (%) of the approved budget spent by each municipal service for the 2008/09 and 2009/10 financial years is as follows:

Financial Year	Housing (%)	Water (%)	Waste Water-Sanitation & Stormwater (%)	Refuse Removal (%)	Electricity (%)	Roads & Transport (%)	Community facilities (%)	Other services (%)
2008/ 2009	86.94%	86.49%	92.10%	90.73%	70.59%	103.12%	59.16%	78.26%
2009/ 2010	58.54%	94.59%	856.31%	109.05%	90.28%	109.57%	38.38%	101.27%

Table 24: Capital Expenditure

³ Source document MTREF 2010/2011 – 2012/2013 page 26

2.5.5 Spending on capital budget⁴

Fin year	% Under spending of Capital budget spent	Reasons for under spending
2008/ 2009	12.31%	<ul style="list-style-type: none"> Executive and Council All projects completed, Budget saving (R 5,766) Strategic Services - National Lottery projects still in progress (R 591,784) Financial Services - All projects completed, budget saving (R59,010) Community Services - Establishment of new cemetery and ablution facilities not realised (R 4,035,266) Electrical Services- Densification, Nelson street substation and Eastford substation upgrade continued into 2009/2010 (R3,227,646)
2009/ 2010	10.15%	<ul style="list-style-type: none"> Strategic Services: World Cup 2010 of R 3,7 million; and Neighbourhood Development Partnership Grant (NDPG) of R 4 million not completed. Planning and Development: Integrated Housing & Human Settlements Projects of R 3,2 million in progress. Electrical Services: 20/25MVA Intake Transformer project of R 1,5 million in progress.

Table 25: Capital budget spending

2.5.6 Housing

There is currently a waiting list for approximately 8,000 housing units. A total amount ⁵of R 51,875,275 was spent on housing during the financial year under review. A summary of houses built, includes:

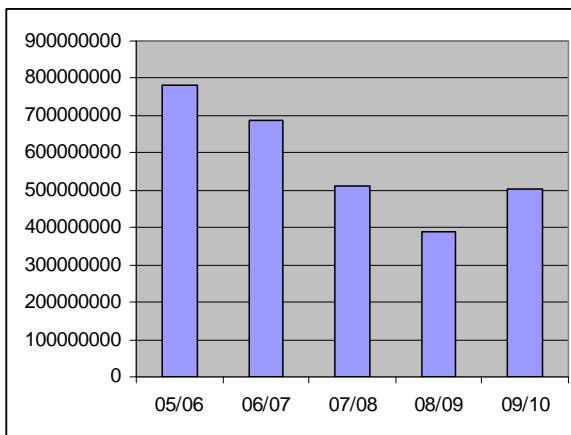
Fin year	Available funding R'000	Amount spent R'000	% spent	Number of houses built	Number of sites serviced
2009/ 2010	44,278	51,875	177,1	540	0

Table 26: Housing

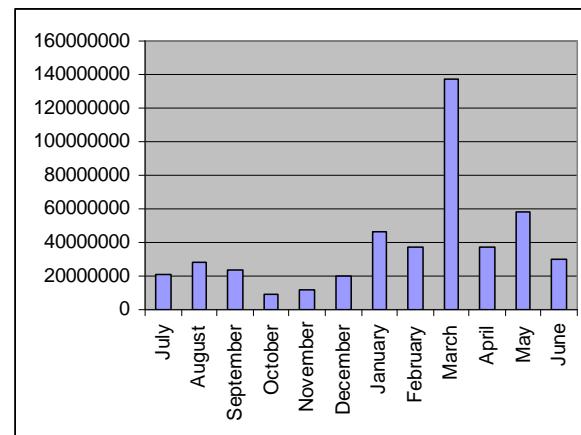
⁴ Taken the percentage from Appendix D (2), combined with reasons provided in Note 40.3 of the AFS

⁵ Taken from Appendix C of the AFS

During the 2009/10 financial year the municipality received 664 building plans with a total value of R 502,082,630.



Value of Building Plans Approved by Year



Value of Building Plans Approved by Month

2.5.7 Municipal infrastructure and other grants

The Municipality received grants totaling R 102,260,260⁶, approximately R 76,953,810 for housing, infrastructure and other capital projects from National and Provincial Government and other donors during the 2009/10 financial year. The spending of these grants is summarized as follows:

Municipal Infrastructure Grant (MIG) & Disaster Funds/Allocations⁷

MIG allocation	Available funding & unspent balance from previous years R'000	Amount spent (capital & operating) R'000	% spent
2008/2009	37,953	12,832	33.81%
2009/2010	65,186	64,833	99.46%

Table 27: MIG

The normal MIG grant for 2009/10 was utilized on the following projects:⁸

Project	Capital R'000	Operating R'000
Library	210	
Roads, Storm Water And Drainage: Streets	3,577	
Sewerage Purification Services	304	
Street Lighting	1,700	
Water Purification Works	6,429	
Water Reticulation	2,971	
Project Management Unit		378

Other Grants for Capital projects

⁶ Taken from Appendix E of the AFS

⁷ Taken from the 2010 AFS agrees to Appendix E, it INCLUDES the unspent balance carried forward from previous years.

⁸ Summarised and balanced back to Appendix E of AFS

Financial year	Name of grant and Directorate	Project	Available funding 2009/10 R'000	Amount spent R'000	% spent
2009/10	Bulk Infrastructure Grant	Desalination	0	500	-%
	Govern Mbeki National Housing Award	Concordia High masts	250	215	86%
	IHHS Housing	Infrastructure Vision 2002	5,000	1,818	36%
	Integrated National Electrification Program	Electrify infill erven	1,108	1,108	100%
	MIG Flood Disaster Relief (06)	Boreholes	478	478	100%
	MIG Flood Disaster Relief (06)	Desalination	7,998	5,961	74.5%
	MIG Flood Disaster Relief (08)	Water	6,161	6,263	101.7%
	MIG Flood Disaster Relief (08)	Roads	2,931	2,432	83%
	MIG Flood Disaster Relief (08)	Storm water	0	3 297	-%
	MIG Flood Disaster Relief (08)	Fire station	110	31	28%
	Municipal Systems Improvement Grant	Computer equipment	0	27	-%
	Municipal Disaster Management Grant	Boreholes	7,000	5,845	84%
	Municipal Disaster Management Grant	Re-Use	15,200	21,670	142.6%
	National Lottery: Sports & Recreation	Improvement of sport facilities: Karatara	0	352	-%
	Public Transport Program	Ablution facility – Taxi rank	0	6	-%
Total			46,236	50,003	108.15%

Table 28: Other capital grants

2.5.8 Spending priorities for next financial year with regards to service delivery

The spending priorities for the 2010/11 financial year as approved in the budget are as follows:

Project	Funding available 2010/11 R'000
Infrastructure linked to housing projects	15,993
Community facilities N/E corridor upgrade	10,526
Sewerage treatment works	10,845
Water Desalination: Knysna	13,947
TOTAL	51,311

Table 29: MTREF approved for 2009/2010

2.6 LOCAL ECONOMIC DEVELOPMENT

2.6.1 Small Business (SMME) Development

Sector Topic	Objectives	Action	Objectives/Outcomes
Small Medium Micro Enterprise Development			
SMME Incubator	<ul style="list-style-type: none"> • Provision of an incubation facility for SMME's 	<ul style="list-style-type: none"> • A follow up Training session with the assistance of SEDA George was organised for the SMME's 	
Plato Mentoring Programme	<ul style="list-style-type: none"> • Provision of an incubation facility for SMME's 	<ul style="list-style-type: none"> • The 13 SMME's attends one network session per month be mentored on their businesses. 	<ul style="list-style-type: none"> • To allow SMME's to learn from bigger companies and discuss their challenges. • Assist the LED Unit to understand the challenges of SMME's and plan interventions accordingly.
Inmate Entrepreneurial Training Programme	<ul style="list-style-type: none"> • Provision of an incubation facility for SMME's 	<ul style="list-style-type: none"> • 10 SMME's completed the programme • They have submitted their Business Plans, and this is assessed by SEDA, RED Door and the LED Unit. • Department Correctional Services Area Office would like this programme to be rolled out to other correctional facilities. 	<ul style="list-style-type: none"> • To allow SMME's to learn from bigger companies and discuss their challenges. • Assist the LED Unit to understand the challenges of SMME's and plan interventions accordingly.
SMME Training	<ul style="list-style-type: none"> • Ensure that a significant number of youth and woman receive relevant training 	<ul style="list-style-type: none"> • The LED Unit and SEDA trained 86 entrepreneurs in: <ul style="list-style-type: none"> • Basic Business Principles • Business Administration • Introduction into Business Planning. 	<ul style="list-style-type: none"> • To capacitate local entrepreneurs. • To assist with challenge that SMME's are faced with by doing this in conjunction with stakeholders like SEDA & Red Door.

Sector Topic	Objectives	Action	Objectives/Outcomes
Stakeholder Relations	<ul style="list-style-type: none"> Develop partnership proposals for potential economic development projects 	<ul style="list-style-type: none"> The LED Manager was invited to be a guest speaker at the RED DOOR Network session with SMME's Financial Institutions, CASIDRA, Department of Economic Development and Tourism, SEDA and Plek Plan Managers. This network session give Entrepreneurs, Government Departments and the Municipality to engage with each other on funding and best practices. This session was held in Hornlee Library and 32 SMME's attended this session. 	<ul style="list-style-type: none"> To improve stakeholder relations and network for possible funding for LED Unit.
Knysna Chamber Of Commerce And Industries	<ul style="list-style-type: none"> Develop partnership proposals for potential economic development projects Encourage Corporate Social Investment in Town 	<ul style="list-style-type: none"> The Municipal Manager and the Executive Mayor has been selected to serve on the Executive Committee of KCCI. KCCI has several workshops and information sessions with its members and invited guest speakers. The membership of KCCI shows a steady increase. 	<ul style="list-style-type: none"> A fully functioning Chamber of Commerce to organise business. Municipal Manager and Executive Mayor serves as the Municipal representatives on the Executive of KCCI To improve communication between business and the Municipality.
EDEN LED Forum Engagements	<ul style="list-style-type: none"> Develop partnership proposals for potential economic development projects Encourage Corporate Social Investment in Town 	<ul style="list-style-type: none"> A LED Managers Forum meeting was scheduled for December 2010 to discuss catalytic projects for each municipality and the review of LED Strategies. All LED Managers was invited to a Joint IGR meeting with the IDP Managers to discuss programmes and interventions for 2010/2011 financial year. Nedbank will sponsor the next Eden LED Forum Meeting and they will present to LED and IDP Managers on their involvement in LED and IDP's. 	<ul style="list-style-type: none"> LED Managers discuss best practices, government programmes, funding possibilities.
SMME Incubator and PLATO Project	<ul style="list-style-type: none"> Provision of an incubation facility for SMME's 	<ul style="list-style-type: none"> Up to date we have had a total of 5 trainings Tendering, Marketing, Employee wages, Managing of cash flow. Feedback forms were provided to Entrepreneurs and they rated the training. Overall response was fairly positive. Regular Mentor meetings are being held, one per month, where the progress of the Plato Project is being discussed 	<ul style="list-style-type: none"> To train SMME's in Business Management and Finances. To offer mentoring services through our Plato Project.
Business Advice	<ul style="list-style-type: none"> Facilitate woman and youth entrepreneur development by establishing new entrepreneurs 	<ul style="list-style-type: none"> The LED Office give business advice on a daily basis and our offices are visited by Entrepreneurs. 	

Sector Topic	Objectives	Action	Objectives/Outcomes
Nedbank SMME Incubator 2009/2010		<ul style="list-style-type: none"> A progress report was submitted to Nedbank Stakeholders have been identified and meeting have been scheduled, meeting was cancelled due to unavailability of some stakeholders RED Door, SEDA, Nedbank, Brian Bird [Inmate Entrepreneurial Training], Knysna Municipality 	
Tourism Development			
Tourism Master Development Plan	<ul style="list-style-type: none"> Transformation of Tourism Market Create an enabling environment for Tourism Growth through investment in additional tourism Develop Marketing Brochure, pamphlets to promote Arts & Crafts in Knysna 	<ul style="list-style-type: none"> A meeting was held with the service providers to discuss the progress of the TMDP. The services survey was presented to the LED Unit and will be presented to Council in a workshop that will be planned for October 2009. The Draft Tourism Master Development Plan will be submitted to Council at the end of November 2009. 	<ul style="list-style-type: none"> The Tourism Master Development Plan will assist Knysna Municipality and Knysna Tourism to plan and holistically address transformation and development in the Tourism sector.
Workshops and Training	<ul style="list-style-type: none"> Ensure that a significant number of youth and women receive relevant training 	<ul style="list-style-type: none"> The Tourism Development Coordinator attended 3 Workshops on Tourism in Knysna, Cape Town and Bitou. 	<ul style="list-style-type: none"> To gather information regarding Tourism Development & Funding options.
Informal Trading			
George Rex Site	<ul style="list-style-type: none"> Encourage development in Town Develop Marketing Brochure, pamphlets to promote Arts & Crafts in Knysna Management of Informal Trading 	<ul style="list-style-type: none"> Had a meeting with Mr. Brian Bird with regard to George Rex trading market [referred to F. Krwetshe, Informal traders] Had a meeting with Hoop In Aksie [Dysselsdorp], implementing the Shared services agreement between Municipalities. Had a meeting with the LED Unit [Informal Traders, Tourism, SMME Development] to see how the LED Unit will help / assist Entrepreneurs over the 2010 period. Attended a network session with KHULA Enterprise Finance Ltd. 	<ul style="list-style-type: none"> To create market/trading spaces for Artists and crafters in Knysna. To set uniformed standards for trading sites. To grow the economy and to help entrepreneurs to create jobs for others.
Templeman Square	<ul style="list-style-type: none"> Encourage development in Town Develop Marketing Brochure, pamphlets to promote Arts & Crafts in Knysna Management of Informal Trading 	<ul style="list-style-type: none"> Some traders on this site are selling products that were not approved by the Site Management Team and will be discussed at the next meeting. The roofs of the trading stalls is becoming a serious issue and will be referred to Technical services. The LED Unit and Finance is in the process of intensifying our efforts on traders that do not pay their rent on all trading sites. 	<ul style="list-style-type: none"> To create market/trading spaces for Artists and crafters in Knysna. To set uniformed standards for trading sites. To grow the economy and to help entrepreneurs to create jobs for others.

Sector Topic	Objectives	Action	Objectives/Outcomes
Memorial Square Friday Night Market	<ul style="list-style-type: none"> • Encourage development in Town • Develop Marketing Brochure, pamphlets to promote Arts & Crafts in Knysna • Management of Informal Trading 	<ul style="list-style-type: none"> • Shop owners on Memorial Square requested Knysna Municipality to get involve with this market. • Opening was 18th September 2009, • 36 Stalls was approved per our Policy, • Signage has been discussed with relevant officials and implemented. • No extra electrical points other then the two points will be made available. • A site plan has been supplied to the steering committee for beautification purposes. • Knysna Tourism assisted with marketing of this market. 	<ul style="list-style-type: none"> • To create market/trading spaces for Artists and crafters in Knysna. • To set uniformed standards for trading sites. • To grow the economy and to help entrepreneurs to create jobs for others.
Expanded Public Works Programme			
EPWP Web Based Training	<ul style="list-style-type: none"> • Encourage development in Town 	Members of the LED Unit attended the EPWP Web based Reporting training in George.	<ul style="list-style-type: none"> • To be able to complete the web based EPWP reports for Knysna Municipality's EPWP Programmes in conjunction with Technical Services
Rural Development			
Rheenendal Agricultural Group	Promote Agricultural Development	<ul style="list-style-type: none"> • Name reservation has been done. [RED Door] • Meeting to be set up to select board members. • RED Door will give an indication when the proper time will be to schedule meeting with the group. 	
Karatara Hydroponics Project	Promote Agricultural Development	<ul style="list-style-type: none"> • Meeting was held with IDC, ASNAPP, WESGRO, and Department Rural Development • Site visit was held to Stellenbosch University / ASNAPP to see their Hydroponics Project. • Public Participation meeting 24 February 2010 in Karatara • CDW for the Karatara area also involved with the project. 	
Funding Applications			
Department Of Trade and Industries	<ul style="list-style-type: none"> • Encourage Corporate Social Investment in Town 	<ul style="list-style-type: none"> • The Manager LED is in the process of completing funding proposals to the Department of Trade and Industries for LED Projects. • These Projects include: <ul style="list-style-type: none"> ◦ Arts & Craft Development Centre ◦ LED Projects ◦ Poverty Alleviation Projects etc. 	
REAF Fund	<ul style="list-style-type: none"> • Encourage development in Town • Encourage Corporate Social Investment in Town 	<ul style="list-style-type: none"> • The Manager LED is in the process of completing funding proposals to the Department of Trade and Industries for LED Projects. • These Projects include: <ul style="list-style-type: none"> ◦ Arts & Craft Development Centre ◦ LED Projects ◦ Poverty Alleviation Projects etc. 	

Table 30: SMME Development Objectives

2.6.2 Tourism Development

A clear Tourism Master Development Plan for the municipality is in the process of being developed in conjunction with Knysna Tourism to ensure more focus on the transformation of the industry and developing emerging tourism entrepreneurs.

2.6.3 Neighbourhood Development

Within the unique and often challenging context of Knysna and its surrounds, Knysna Municipality has begun taking steps to moderate the problems currently facing the future positive growth and development of the town. These problems are however considerable, and while the development of a comprehensive Spatial Development Framework (SDF) and Integrated Development Plan (IDP) have set out a series of action plans and objectives for the town, a deeper understanding of these problems as well as the opportunities they present is encouraged.

With this in mind, Knysna Municipality, in cooperation with National Treasury, have chosen to adopt a new, holistic strategy towards the development of the areas from the Masifunde to the Nekkies Node. This approach will aim at identifying areas characterised by poverty and underdevelopment and putting together an intensive, focused strategy for growth at both urban and localized levels. The nature of the development must therefore be sustainable in the long term, and generate interest for potential investment opportunities within the private sector, thus ensuring a positive growth invention at a social, economic and environmental level. In this manner, the Neighbourhood development programme should not only benefit local residents, but provide opportunities which reflect positively on Knysna as a whole.

The newly appointed Manager Local Economic Development submitted a application to National Treasury for the development of Nekkies/Hornlee (Eastern Gateway) to the value of **R 64 M** whilst an amount of **R 54 M** for Masifunde was approved in 2007. The Nekkies & Hornlee application was successful and planning commenced immediately thereafter.

This developments focus on the following:

- The Eastern Gateway Nodal Development is to relate to the existing spatial public structure but recognizes the potential for future sustainable development opportunities, which include:
 - i. **Project 1:** Development of transport, access, circulation, stop & drop facilities
 - ii. **Project 2:** Building of pedestrian walkways and platforms
 - iii. **Project 3:** trading facilities for informal traders
 - iv. **Project 4:** Upgrade of the Civic Node
 - v. **Project 5:** Development of Community Parks and Open Spaces
 - vi. **Project 6:** Development of the Eastern Lagoon Edge Multi-purpose Park and Pedestrian/Cycle Way
 - vii. **Project 7:** Development of Sport Facilities and Amenities

2.6.4 Emerging Contractor Development

The development of the emerging contractors into viable businesses that can partake in the mainstream economy forms an integral part of the Local Economic Development Plan and the Integrated Development Plan of the Knysna Municipality. It is expected of local municipalities to come with strategic interventions that will make long term impact in their economies. The role of SMME's in the field contributes a hugely in creating employment and addressing the infrastructure backlog of municipalities

Economic growth is generally based on the region's economic infrastructure, labour intensity output performance of the industries, income earning potential of residents, possession of tangible assets, ability of a region to retain and /or circulate the income earned and the ability to attract and retain skills.

The following are the objectives of the Programme:

1. Facilitate training, capacity building programmes and non financial assistance for the emerging contractors
2. Facilitate an environment in which emerging contractors can develop themselves into competent competitive contractors through the tendering process within and outside the department
3. Ensure that women, youth and people with disabilities get preferential treatment to close the economic gap that exists and to afford such sectors their rightful place in the economy
4. Ensure empowerment through the training programmes in partnership with Business Institutions and Government Departments

5. The Knysna municipality, in collaboration with other stakeholders, such as financing institutions, training service providers and mentors, will apply the Emerging Contractor Enterprise Development Programme to benefit emerging contractors by facilitating:
 - Access to Municipal procedures on tendering & quotations in the framework of the Municipal Finance Management Act, the Supply Chain and Procurement processes
 - Access to tender opportunities,
 - Access to training opportunities,
 - Access to finance and credit, through external financing, institutions such as banks, Red Door etc.,
 - Access to mentorship and advice,
 - Development of the capacity of Black contractors to conduct business with the Municipality

In conjunction with Department of Public Works & Transport, CETA, Lekamva Academy and Nortlink College, the training of contractors in tendering, labour intensive construction, general conditions of contracts, costing, etc and the practical side of the construction industry.

2.6.5 Sport Development and Soccer World Cup 2010

Sport Development

Knysna Municipality has undertaken a comprehensive analysis of the status quo regarding sport development. This review highlighted certain challenges that form the basis for discussions with all local associations and clubs. A comprehensive plan to address these challenges is being negotiated with the members of the Knysna Sport Forum. Workshops for coaches and administrators have been organized, basic equipment has been issued to rural clubs to stimulate sport development in these areas and several sport tournaments were organized in the rural areas. Football development will also be addressed through interventions by the French Football Federation, the Danish government and the "Stars in Their Eyes" program funded by the Dutch Football Federation.

The chronic shortage of sport facilities still poses an ongoing problem and inhibits the Municipality's stated objective of ensuring fair and equitable access to all to sport facilities. The situation has been somewhat ameliorated by Denmark providing grant funding for upgrading of two football fields. In addition the French Football Federation undertook to provide about R1m for the upgrading of Damsebos Sport Ground.

The Municipality is awaiting a response from the National Lotteries Board for funding to improve sporting facilities across the municipality. Two Netball fields have been completed at Karatara with funding from a previous award and a basic upgrade of the Bloemfontein Sport Ground is being targeted with the next tranche from that award.

The Interim Sport Forum is functioning smoothly and the constitution for the Knysna Municipality Sport Forum will be submitted to Council in the near future. This body serves as an important stakeholder and consultative forum in all matters concerning sport. Sub-committees functioning in Sedgefield, Karatara, Barrington and Rheeendental have been established. The Knysna Municipal Sport Forum will be launched early in the 2010/2011 financial year. A fully functional sport forum will enable Knysna Municipality to seek amicable solutions, especially in the short term, for some of the problems that the Municipality faces.

2010 Soccer World Cup:

South Africa hosted the FIFA Soccer World Cup 2010 and at the draw of the teams on 5 December 2009 in Cape Town, the preparation entered into the final and critical phase. After successful presentation of Knysna's ability to provide state of the art training facilities, the Danish and French teams chose Knysna as home for their team base camps. The French team chose Pezula Golf Estate with the training venue, the "Field of Dreams", also situated on those premises. Simola Golf Estate was the home to the Danish team. Knysna's public sports ground, Loerie Park Stadium, was confirmed as their training venue on 15 February 2010. By then the Knysna Municipality had started with upgrading and refurbishing of the pitches, services and facilities at Loerie Park to meet the requirements of FIFA/SAFA LOC. The Loerie Park Project fell within Knysna's 2010 overall campaign, which was coordinated by the Directorate of Strategic Services. Knysna Municipality achieved its overall objective, i.e. to ensure that the training venue would be finished at the required standards in time.

In addition to providing world class accommodation and training facilities, a number of other very stringent conditions had to be met. Media requirements were extremely high and media facilities for both teams were provided at Loerie Park and at the adjacent hotel. Safety and security services were professionally handled by Knysna Municipality, SAPS, NIA and private security firms. Both teams expressed their satisfaction with the way they were hosted in the Knysna Municipality.

In order to make the World Cup accessible to every citizen, a varied and creative community event programme was implemented. The Kick-off Event, Giant Puppet Shows (among other venues, at Damsebos and Rheenendal), Knysna welcomes France and A Thousand Voices from the Forest created excitement and a festive vibe around this unique event and contributed to Knysna being given unprecedented international exposure. However, it must be said that the decision to provide Community Viewing Events for all World Cup matches allowed even the smallest communities to participate in the World Cup. A full tent at Hlalane during Bafana Bafana matches was indeed a sight to warm the heart.

Every opportunity was used to market Knysna to the world and hopefully these efforts will bear fruit for years to come.

CHAPTER 3:

HUMAN RESOURCE AND

ORGANISATIONAL

MANAGEMENT

CHAPTER 3: HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

3.1 INTRODUCTION

During the 2009/2010 Financial Year Knysna Municipality employed an average of 887 officials (615 permanent and 272 casual), who individually and collectively contributed to achieving the Municipality's objectives. The primary objective of Human Resource Management is to provide an innovative HR service that addresses both skills development and an administrative function.

3.2 HUMAN RESOURCE MANAGEMENT

3.2.1 Human resource policies

The Human Resources Directorate has developed all relevant HR Policies to ensure effective and efficient functioning and good labour relations. The HR Directorate focused on the ABET, study bursaries and personal development of staff.

3.2.2 Skills development and training

The Work Place Skills Plan (WPSP) of the Municipality for the 2009/10 financial year and the Implementation Report for the 2009/10 financial year was submitted to the LGSETA on 30 June 2009. The amount spent on training was R664 778; which is 0.58% of the employee related spending of R114 085 075 as at 30 June 2010. The training programmes that were completed by the municipal employees and councillors are summarised in the following tables:

Staff training

Name of training programme	Number of officials							
	Gender		Race					
	Female	Male	AF	AM	CF	CM	WF	WM
EPWP Training	-	2	-	-	-	2	-	-
Water Purification	1	17	1	6		11		

Name of training programme	Number of officials							
	Gender		Race					
	Female	Male	AF	AM	CF	CM	WF	WM
Learnership								
Waste water process operations Learnership		13		5		8		
Water Reticulation Learnership		8		2		6		
Project Management	10	11	6	3	2	6	2	2
Supervisory Trainig		7		2		5		
Batho Pele	16	6	10	4	5	2	1	
Minutes and Minute Taking Course	2		2					
Interviewing Skills	2	1		1	1		1	
HIV/AIDS Management	1		1					
ABET	1	15		13	1	2		
Construction Supervision Learnership		4				4		
Total	33	84	20	36	9	46	4	2

Table 31: Staff training

Councillor training

Name of training programme	Short description	Number of councillors							
		Gender		Race					
		Female	Male	AF	AM	CF	CM	WF	WM
	Executive Leadership Development Training	1	3		2	1	1		
Total		1	3		2	1	1		

Table 32: Councillor training

Training in occupational health and safety is ongoing, therefore improving investigations of incidents and empowering project and line managers, health and safety representatives, and Safety Committee members.

3.3 ORGANISATIONAL STRUCTURE

72 Employees were recruited in various Directorates during the 2009/10 financial year. These appointments were based on service delivery needs and the Employment Equity Plan of the Municipality. The biggest challenge for the municipality remains scarce skills and budgetary constraints. The following Employment Equity Report for 2009/2010 was submitted to the Department of Labour.:

DIRECTORATE	Gender		Race						
	Female	Male	AF	AM	CF	CM	WF	WM	
Municipal Manager	2	2	1			1	1	1	
Corporate Services	13	12	1	5	8	5	4	2	
Financial Services	42	32	10	5	12	18	20	9	
Community Services	62	190	28	89	25	90	9	11	
Technical Services	13	173	5	69	8	95		9	
Strategic Services	2	4	1	2	1	2	-	-	
Planning and Development	12	18	1	7	8	10	3	1	
Electro-technical Services	3	35	-	12	2	13	1	10	
Total	149	466	47	189	64	234	38	43	

Table 33: Appointments

3.4 ORGANOGRAM OF THE MUNICIPALITY

Management

The Municipal Manager is the Accounting Officer of the Municipality and heads of administration. He is primarily the chief custodian of service delivery and implementation of political priorities. He is assisted by 6 Directors. The Management team is supported by staff employed by the municipality to deliver on municipal services and political priorities. The approved structure for the Administration has 805 posts.

The Municipal Manager and Directors are appointed on a fixed term contract period (MSA, s57) and the positions of these appointees were as follows:

Portfolio	Name of person	Employment contract in place / Acting	Performance agreements in place
Municipal Manager	Johnny Douglas	Yes	Yes
Community Services	Charl Botha	Yes	Yes
Corporate Services	Reginald Smit	Yes	Yes
Financial Services	Grant Easton	Yes	Yes
Planning and Development	Lauren Waring	Yes	Yes
Technical Services	Neale Perring	Yes	Yes
Acting Director Strategic Services	Brian Blaauw	Yes	Yes

Table 34: S57 employees

3.4.1 Filled and vacant posts on post levels

The actual positions filled per post level and per functional level are indicated in the tables below:

PER POST LEVEL			
Post level	Approved	Filled	Vacant
MM & MSA section 57	7	6	1
Senior Management	28	26	2
Middle management	70	59	11
Admin Officers	323	271	52
General Workers	377	256	121
Total	805	618	187

PER FUNCTIONAL LEVEL			
Functional area	Approved	Filled	Vacant
Office of the Municipal Manager	5	4	1
Corporate Services	30	25	5
Financial Services	98	70	28
Community Services	311	258	53
Technical Services	255	184	71
Strategic Services	11	5	6
Planning and Development	42	32	10
Electro-technical Services	53	40	13
Total	805	618	187

Table 35: Filled and vacant posts

3.4.2 Statistics on posts filled

Occupational categories	Posts filled								Total	
	Male				Female					
	A	C	I	W	A	C	I	W		
Legislators, senior officials and managers	5	12	-	10	-	1	-	4	32	
Professionals	6	9	-	1	7	7	-	15	45	
Technicians and associate professionals	9	17	-	17	-	-	-	-	43	
Clerks	27	41	-	44	21	36	-	19	188	
Plant and machine operators and assemblers	16	21	-	2	2	-	-	-	41	
Elementary occupations	130	105	-	3	15	16	-	-	269	

Total permanent	193	205	-	77	45	60	-	38	618
Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
	-	3	-	2	-	-	-	1	6
Top management	5	8	-	10	-	-	-	3	26
Senior management	6	9	-	1	7	7	-	15	45
Professionally qualified and experienced specialists and mid-management	19	32	-	21	-	-	-	2	74
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	33	47	-	42	23	36	-	17	198
Semi-skilled and discretionary decision making	130	105	-	3	15	16	-	-	269
Total permanent	193	204	-	79	45	59	-	38	618

Key function (Directorate)	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager's Office	-	1	-	1	1	-	-	1	4
Corporate Services	5	5	-	2	1	8	-	4	25
Financial Services	5	18	-	7	9	11	-	20	70
Community Services	100	96	-	11	22	22	-	7	258
Technical Services	73	89	-	10	4	8	-	-	184
Strategic Services	2	2	-	-	1	-	-	-	5

Planning and Development	7	10	-	1	2	8	-	4	32
Electro-Technical Services	11	15	-	11	-	2	-	1	40
Total permanent	203	236	-	43	40	59	-	37	618

Table 36: Posts filled

3.4.3 Personnel expenditure compared to total operating expenditure¹

Financial year	Total Expenditure salary and allowances (R'000)	Total Operating Expenditure (R'000)	Percentage (%)
2008/2009	100 602	327 208	30.75%
2009/2010	114 085	376 055	30.33%

Table 37: Staff expenditure

3.4.4 Employment equity

The Employment Equity Act dictates that all workplaces must promote equity in terms of gender, race and disability. The municipality has an approved employment equity plan and the demographic information of the economically active population of the province compared to the workforce is as follows:

Description	Total	African	Coloured	Indian	White
Population numbers	3591676	1083972	1778818	51626	677250
% Population	100	30	50	1	19
Number for positions filled	618	243	295	-	80
% for Positions filled	100	39.3	47.7	-	12.9

Table 38: Employment equity vs. population

¹ Note: Used Statement of Financial Performance

3.5 PERFORMANCE MANAGEMENT

The Municipality has developed and implemented a performance management system, as required by section 152 of the constitution, chapter 6 of the MSA and the MFMA. This is however not a comprehensive system due to the shortage of staff and will budget to appoint the required number of staff to implement the system. After the completion of the annual review of the IDP and the approval of the budget, the municipality prepares the SDBIP in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates performance targets, financial performance targets and assigns responsibility to execute the respective KPA's. The KLM has adapted its Service Delivery and Budget Implementation Plan to serve as a performance and management tool/system. A Performance Management Policy Framework was developed and adopted by Council on 25 October 2007. The municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council. The system currently only applies to section 57 appointees. The cascading down to other senior levels in the municipality and the capturing of the data electronically will be addressed in the 2010/11 financial year. An electronic SDBIP programme has been developed which is assisting the management and councillors in getting updated information on the SDBIP.

The Performance Management Committee comprised of the following members:

Name of Member	Capacity
Cllr Eleanore Bouw-Spies	Executive Mayor- (Municipal Manager evaluation)
Cllr Donald Kemoetie	Executive Deputy Mayor/ Executive Councillor Finance (Directors Corporate and Finance)
Cllr Andrew Finn	Executive Councillor Technical Services - (Directors Technical and Planning and Development evaluation)
Cllr Nompumelelo Koti	Executive Councillor Community Services - (Directors Community and Strategy)
Johnny Douglas	Municipal Manager - (Directors evaluation)
Ray Barrel	Chairperson Audit Committee (Observer)
Lonwabo Ngoqo	Municipal Manager – Bitou Municipality (Observer)
Attie Butler	Consultant(Facilitator)
Walter McCartney	Manager: Performance, Internal Audit and Risk Management (Support)

Table 39: Performance Assessment Panel

CHAPTER 4:

FUNCTIONAL SERVICE

DELIVERY REPORTING

CHAPTER 4: FUNCTIONAL SERVICE DELIVERY REPORTING

4.1 INTRODUCTION

This chapter deals with how services were delivered during the 2009/10 financial year and indicates the performance against the KPA's for the 2009/10 financial year based on the IDP processes followed as explained in Chapter 1 of this report.

The performance of the Municipality is reported against the objectives for each Directorate as indicated in the IDP and the performance agreements of the Directors. The chapter also highlights the main KPA's for 2009/10.

Functional breakdown by Directorate

Directorate	Functions	KPA Achieved	Capital Expenditure R,000	Operational Cost R,000	Revenue Generated R,000
Municipal Manager	<ul style="list-style-type: none">• Corporate strategy,• IDP Management,• Internal audit• Risk and• Performance Management	89%	1,835	28,011	10,410
Corporate Services	<ul style="list-style-type: none">• Legal Services,• Administration,• Committee Services,• Human Resources• Property, Insurance & Records and• Public Participation	87%	32	9,536	3,115
Financial Services	<ul style="list-style-type: none">• Income,• Meter Reading• Expenditure,• Procurement• Payroll• Budget Office and• Information Technology	79%	701	10,386	119,269
Community Services	<ul style="list-style-type: none">• Parks & Recreation,• Libraries,• Heritage, Arts & Culture,• Solid Waste Management,• Cemeteries,• Community Safety,• Fire and Rescue,• Traffic, Law Enforcement and,	75%	1,471	63,476	26,090

	• Disaster Management				
Technical Services	• Water, • Sanitation, • Roads and, • Stormwater	87%	73,417	84,612	115,480
Strategic Services	• IDP, • LED, • Tourism Development, • Youth, • Gender and, • Sport	35%	4,698	11,292	1,649
Planning and Development	• Building Control, • Town Planning • Housing Development and Housing Administration, • Land Reform and • Environmental Management	91%	4,023	59,582	41,049
Electro-technical Services	• Electricity, • Street Lighting and, • Workshop	87%	13,415	109,160	128,368
Total	All	79%	99,592	376,055	445,430

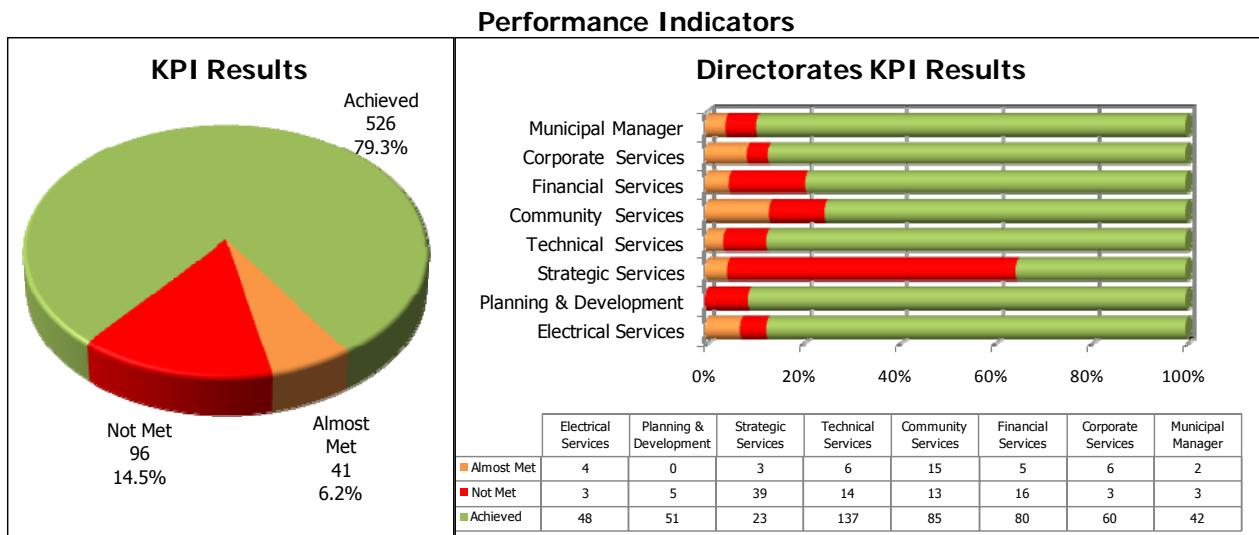
Table 40: Functional breakdown

Performance against KPA's

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Financial Viability and Management	A Financially Sound Town	Category deviations 10%	≤ 10%	0%	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Ensure proper procurement practices - Number of successful appeals against municipality on the awarding of tenders.	0	0	Y
Municipal Financial Viability and Management	A Financially Sound Town	Debt coverage ratio Operational income received divided by debt service payments Surplus / Deficit	≥ 1.19:1	1.13:1	N
Municipal Financial Viability and Management	A Financially Sound Town	Cost coverage - All available cash and investments divided by the monthly fixed operational expenses	≥ 2.5:1	2.45:1	N
Municipal Financial Viability and	A Reliably Functioning Town	Total expenditure on capital projects divided	100%	90%	N

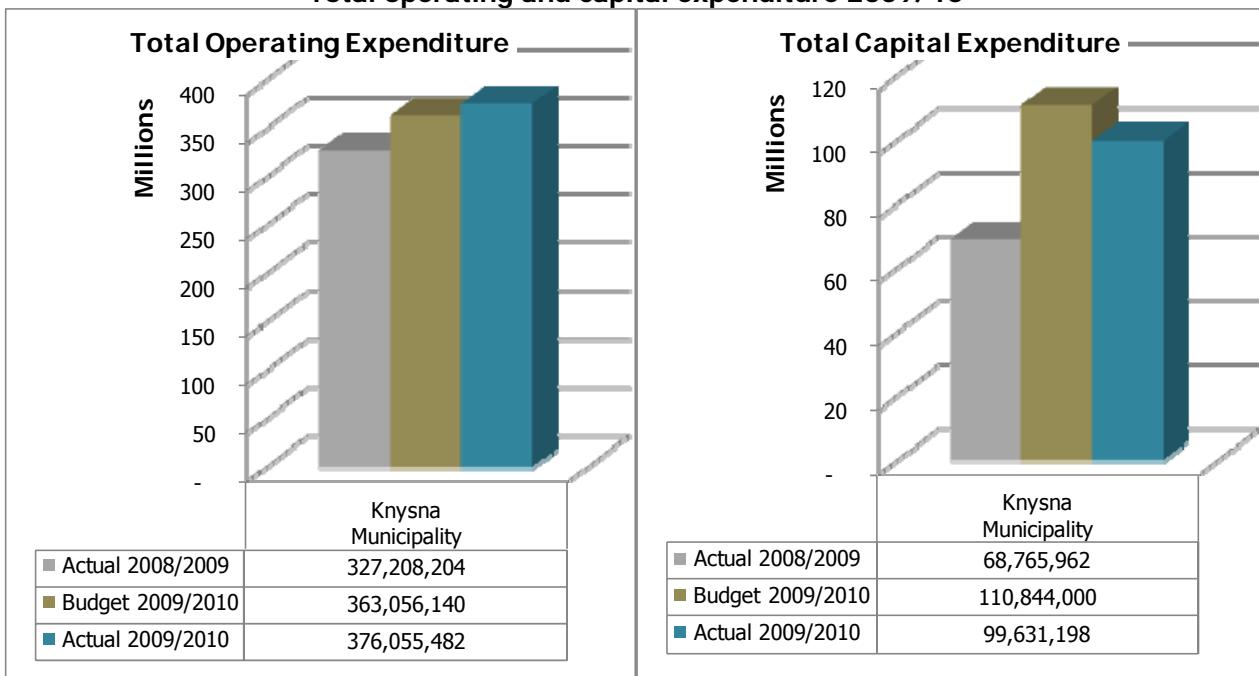
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Management		by the latest agreed capital programme			
Municipal Financial Viability and Management	A Financially Sound Town	Percentage of operating expenditure spent on personnel remuneration	32%	30%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Water Rebate - Quantity (number of households affected) receiving water rebate	2,000	1,142	Y
Basic Service Delivery	A Financially Sound Town	Sewer Rebate - Quantity (number of households affected) receiving sewer rebate	2,000	1,332	Y
Municipal Financial Viability and Management	A Financially Sound Town	Debt coverage ratio Operational income received divided by debt service payments (interest and repayments) due in the financial year	≥ 12.0:1	13.52:1	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Achievement of employment equity targets – percentage of positions below level 8 filled in line with equity targets	100%	86%	N

Table 41: Performance against KPA's:



A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

Total operating and capital expenditure 2009/10



A comprehensive analysis of the financial performance is provided in chapter five.

4.2 OFFICE OF THE MUNICIPAL MANAGER

Introduction

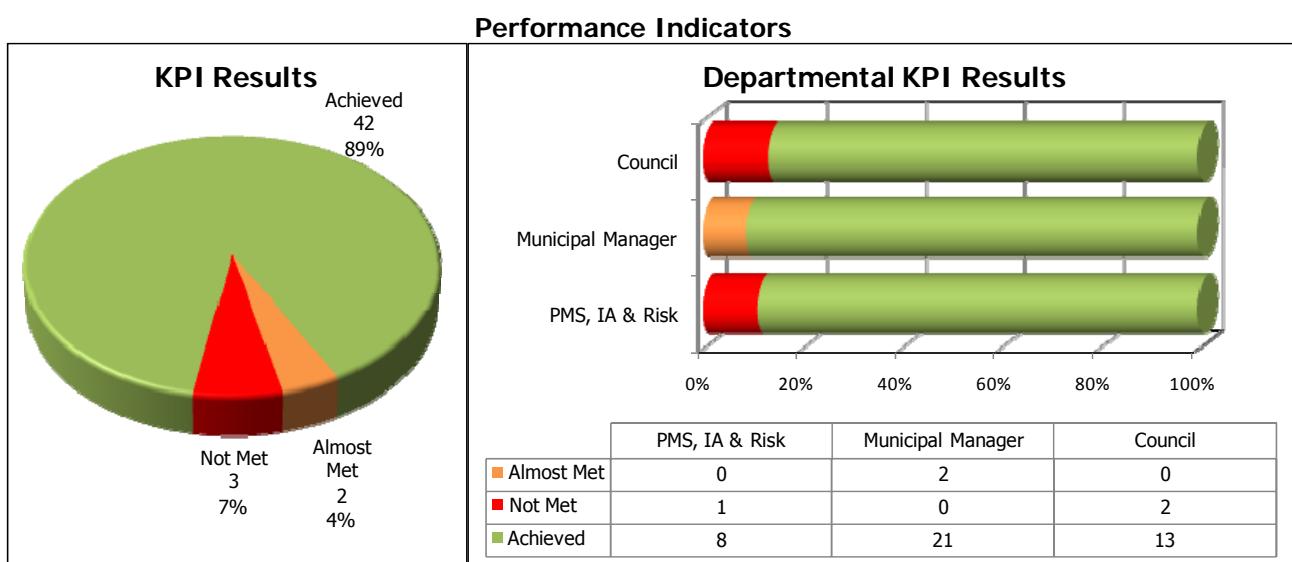
The Municipal Manager has direct responsibility for Corporate Strategy and the drafting, management and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit function is outsourced but the overall management of the process which includes close liaison with the Audit Committee is managed by the Municipal Manager. The Office of the Municipal Manager also strives to enhance the relationship between the political and administrative centres of the council, to promote governance mechanisms and innovations in the areas of communication, strategic planning, information and knowledge management.

Performance against KPA's

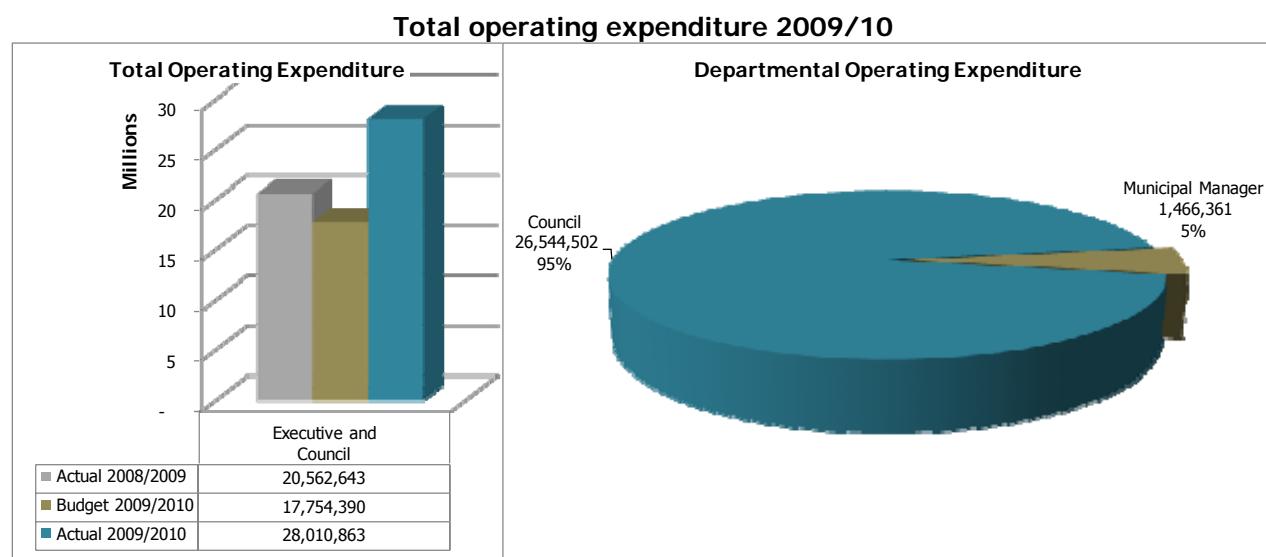
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Good Governance and Public Participation	A Reliably Functioning Town	Reporting of the 2008/09 performance Annual Report approved	31 March 2010	31 March 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	Integrated Development Plan for 2010/11 approved by 31 May Annually	31 May 2010	27 May 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	SDBIP approved within 28 days after budget	24 June 2010	24 June 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	Signing of performance contracts for Municipal Manager and section 57 appointees (Directors)	7	7	Y
Good Governance and Public Participation	A Reliably Functioning Town	Functioning Audit Committee	Minimum 4 meetings per year	10	Y
Good Governance and Public Participation	A Reliably Functioning Town	The total number of internal audit reports prepared (Section 62(1)(c) of the MFMA)	8	8	Y
Municipal Financial Viability and Management	A Financially Sound Town	2009/10 Revised budget approved before the legislative deadline	28 February 2010	25 February 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Completion of draft 2010/11 Operating and Capital Budget and formal approval by Council by 31 May	31 May 2010	27 May 2010	Y
Municipal Financial	A Financially Sound	Monitoring of revenue	12 Reports	12 Reports	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Viability and Management	Town	and expenditure and decisions on remedial steps if necessary Sect. 71 MFMA	Submitted to Council	Submitted to Council	
Municipal Financial Viability and Management	A Successful and Respected Town	Review of approved organisational structure of the organisation	June 2010	December 2009	Y
Basic Service Delivery	A Caring and Contented Town	Review and agreement by council of Municipality Disaster Management Plan	December 2009	December 2009	Y

Table 42: Performance against KPA's: Municipal Manager

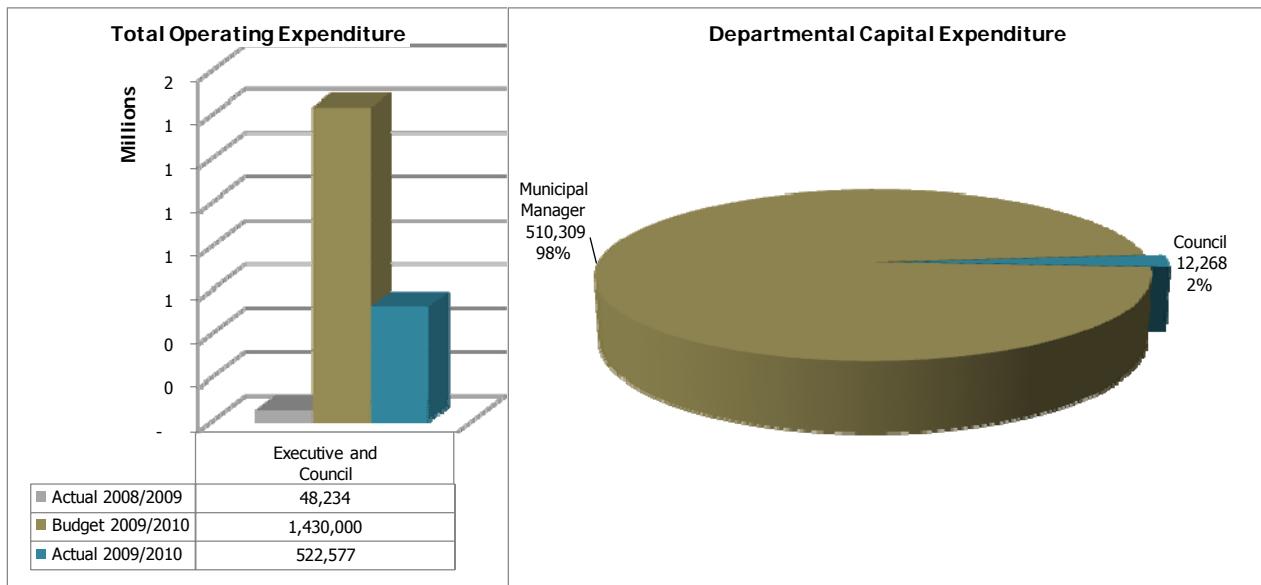


A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.



See note 40.2 of the Annual Financial Statements (Chapter 5) for "Details of material variances"

Total capital expenditure 2009/10



Due to cashflow considerations capital expenditure on non essential projects were curtailed. The office of the Municipal Manager is responsible for Council's capital programmes in regards to office furniture, tools and equipment. Cost saving measures were implemented to reduce the capital outlay on these programmes resulting in a saving of 63% (R 907,423).

The difference of R 1,3 million between the capital reflected in the Annual Financial Statements¹ and the graph above relates to the capitalization of lease assets² see note 12 of the AFS.

¹ Notes to the Financial Statements 40.3

² Notes to the Financial Statements 12

4.3 CORPORATE SERVICES

Introduction

Corporate Services is the secretariat of Council and supports the legislative and executive functions of Council.

The Corporate Services Directorate consists of six sections:

- Legal Services,
- Administration,
- Committee Services,
- Human Resources
- Property, Insurance & Records and
- Public Participation.

Performance against KPA's

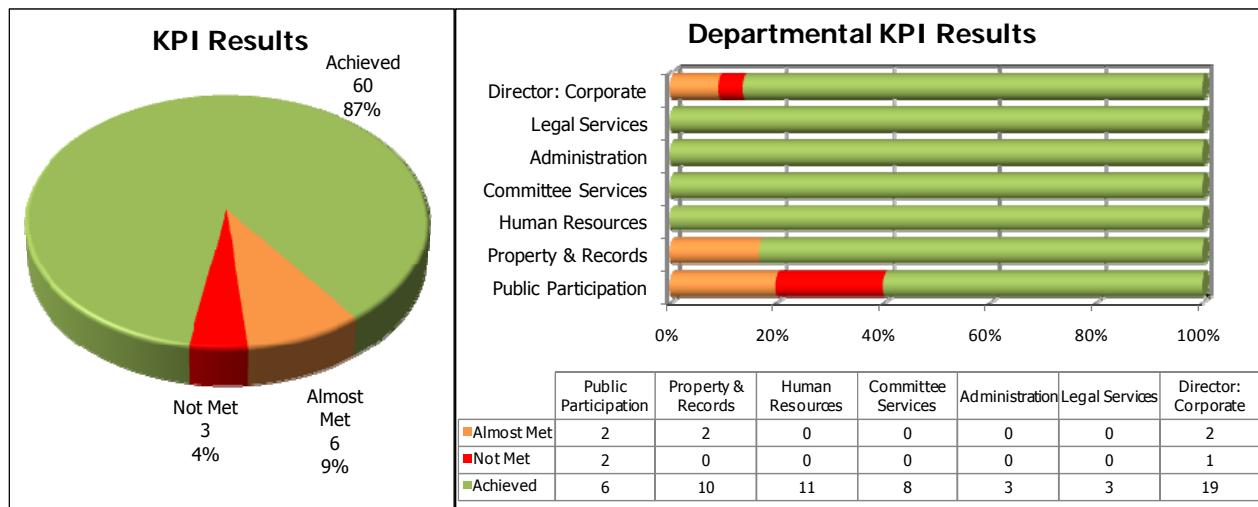
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Transformation and Institutional Development	A Successful and Respected Town	Management of Policy register	100%	100%	Y
Good Governance and Public Participation	A Reliably Functioning Town	Monitoring of outsourced legal cases in R.000	500	475	Y
Good Governance and Public Participation	A Reliably Functioning Town	Review of current approved by-laws	3	5	Y
Municipal Transformation and Institutional Development	A Reliably Functioning Town	Percentage of minutes distributed within 5 working days after meetings	95%	98%	Y
Good Governance and Public Participation	A Reliably Functioning Town	Percentage of agendas distributed within 3 days prior to meetings	95%	98%	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Submitting of Telephone usage policy to committees	100%	100%	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Good Governance and Public Participation	A Reliably Functioning Town	Timely compilation and distribution of Agendas for all Council Meetings Percentage distributed within 3 days prior to meetings	95%	99%	Y
Good Governance and Public Participation	A Reliably Functioning Town	Timely compilation and distribution of Agendas for all Committee Meetings percentage distributed within 48 hours prior to meetings	95%	99%	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Presentation to relevant committee of agreed full health and safety risk assessment for all areas of Municipality activities	11	11	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Design and Implementation of the Occupational Health and Safety Plan	June 2010	June 2010	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Submission of Quarterly Training report to LGSETA	4 (Reports)	4 (Reports)	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Percentage of skills development levy claimed back from skills development fund	50%	50%	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Submission of skills development plan	30 June 2010	30 June 2010	Y
Municipal Transformation and Institutional Development	A Reliably Functioning Town	Submission of employment equity plan	30 June 2010	29 October 2009	Y
Good Governance and Public Participation	A Reliably Functioning Town	Compliance with Access to Information Act - Submission of Section 32 and 15 Reports	February 2010	February 2010	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Submitting of record management policy to council for approval	November 2009	November 2009	Y
Municipal Transformation and Institutional Development	A Successful and Respected Town	Submitting of staff accommodation policy to council for approval	November 2009	November 2009	Y

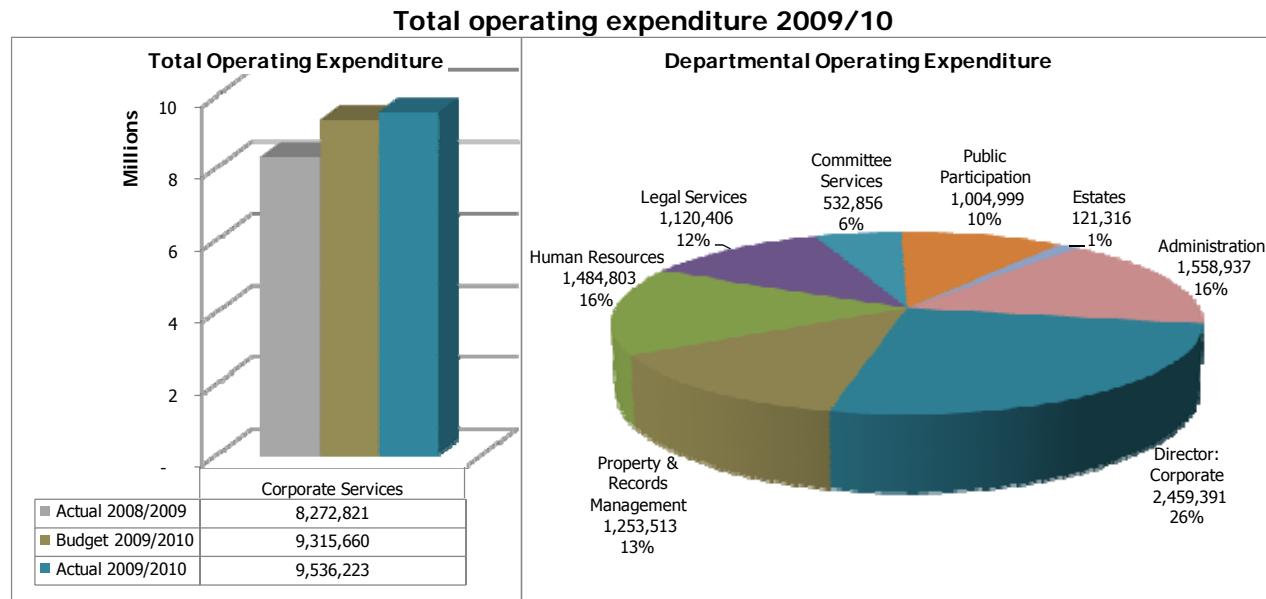
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Transformation and Institutional Development	A successful and respected town	Maintained lease agreements for municipal buildings and land	100%	95%	N
Municipal Transformation and Institutional Development	A successful and respected town	Maintaining of effective archive system - File plan, disposal, transfer, destruction of records other than correspondence files	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Maintenance of municipal property data files (title deeds, etc)	100%	96%	N
Municipal Transformation and Institutional Development	A successful and respected town	Maintain and monitor all contracts captured on collaborator system	100%	100%	Y
Local Economic Development	An attractive and sustainable town	Planning and co-ordination of all Public Participation events	100%	100%	Y
Good Governance and Public Participation	A Reliably Functioning Town	Support and co-ordinate the work of the Community Development Workers (CDW's)	100%	100%	Y
Good Governance and Public Participation	A Reliably Functioning Town	Administrative support to ward committees - Minutes prepared and distributed 7days before meeting	100%	75%	N
Good Governance and Public Participation	A Reliably Functioning Town	48 Ward Committee Meetings held	48	14	N

Table 43: Performance against KPA's: Corporate Services

Performance Indicators

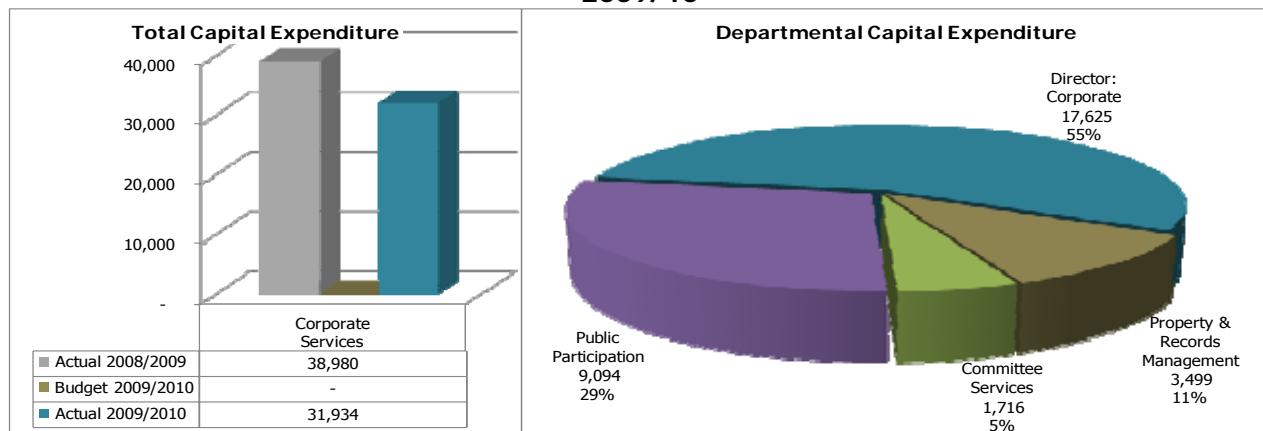


A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.



There is a nominal over expenditure of 2% (R220 563) on the operational expenditure within the directorate.

Total capital expenditure 2009/10



Capital expenditure was utilised to purchase office equipment.

4.4 FINANCIAL SERVICES

Introduction

The Finance Directorate manages the financial affairs of Council to ensure the optimum use of all Council assets. In essence:

- It is the protector and custodian of the public purse as it levies taxes and charges on the public,
- Collects the taxes and charges from the public, and
- Administers the expenditure of those taxes and charges on goods, services and assets on behalf of Council.

The Directorate is split into four separate sections as follows:

- Income,
 - Billing of accounts including pre-paid metering management
 - Cash/Revenue collection and management include cashiering, direct debit payments, bank payments, sundry debtors and water and light payment monitoring
 - Credit control including service cut-offs, legal action and pensioner and indigent rebates
 - Rate levying and rate clearances
 - Meter reading
- Expenditure,
 - Expenditure, i.e. payment of all creditors and bank reconciliation
 - Staff and contract workers payments
 - Procurement
 - Stores
- Budget Office
 - Accounting
 - Financial Asset Management
 - Financial Planning (Budgeting)
 - Investments and Loan Management
 - Financial Systems Co-ordination (Data Management)
- Information Technology.
 - IT Policy (Implementation and monitoring)
 - IT systems (Networks, Wireless, Maintenance, etc)
 - Software Management (Installation, Licenses, IT related training, etc)
 - System Security (Password Management, Firewalls, Virus removal, Backups, etc)

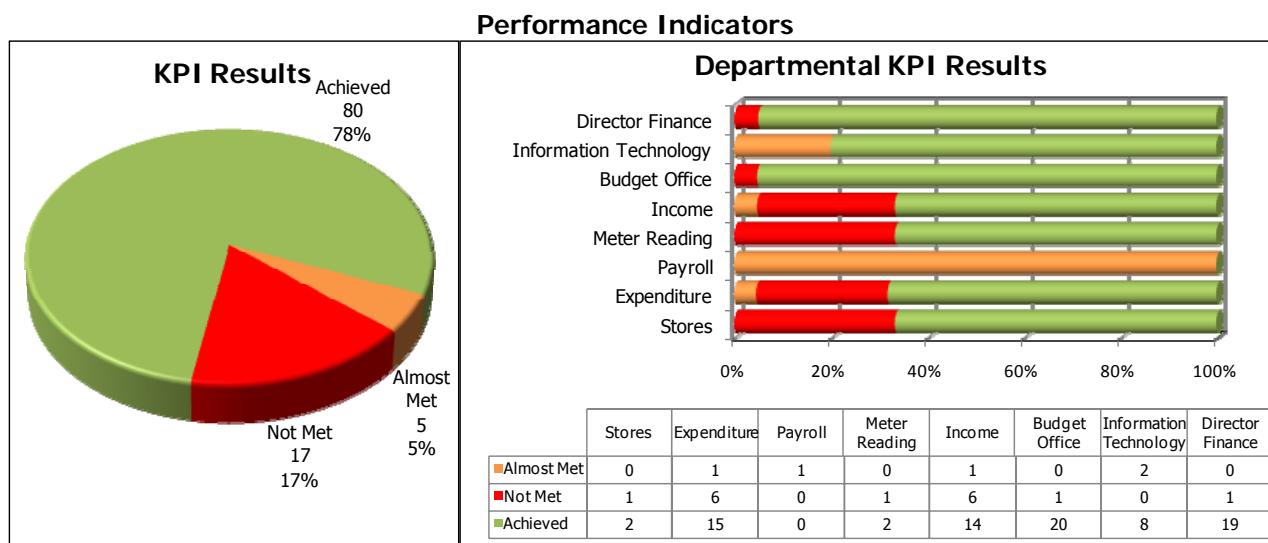
Performance against KPA's

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Financial Viability and Management	A Financially Sound Town	Completion of financial statements and formal submission to the Auditor General by 31 August	31 August 2010	31 August 2010	Y
Municipal Transformation and Institutional Development	A Reliably Functioning Town	5 Year IT Plan drafted	30 June 2010	-	N
Municipal Financial Viability and Management	A Financially Sound Town	Attending to hardware, software and network problems percentage of problems solved within 2 working days	90%	91%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Back-up of all systems and databases	100%	96%	N
Municipal Financial Viability and Management	A Financially Sound Town	Ensure a virus free environment	100%	100%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Bank Withdrawals - Submit quarterly reports to Council, NT & AG Section 11(4)(a)&(b) MFMA	4	4	Y
Municipal Financial Viability and Management	A Financially Sound Town	Tariff Review – in terms Act 12 of 2007: Municipal Fiscal Powers and Functions Act, 2007.[MFPFA])	May 2010	May 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Cash flow management - Months in which overdraft facility is utilised at month end	0	0	Y
Municipal Financial Viability and Management	A Financially Sound Town	Monthly monitoring reports to Mayor - Budget monitoring report compliant with MFMA S71	12	12	Y
Municipal Financial Viability and Management	A Financially Sound Town	Medium Term Revenue and Expenditure Framework Budget	31 May 2010	27 May 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Budget Related Policies - Approval by Council of Budget Related Policies	31 May 2010	27 May 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Compilation of Adjustment Budget	31 March 2010	31 March 2010	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Transformation and Institutional Development	A successful and respected town	Insurance Portfolio - Adequate insurance coverage of Assets and review of Councils Insurance portfolio by 30 June 2010	100%	100%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Annual Debit Raising by 31 July.	31 July 2010	31 July 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Monthly Debit Raising - 12 debit raisings by the 9th of each month.	12	12	Y
Municipal Financial Viability and Management	A Financially Sound Town	To maintain and improve the current payment levels of debtors in real terms (Actual debtors receipts)	R242 Million	R287 Million	Y
Municipal Financial Viability and Management	A Financially Sound Town	Valuation Roll - Undertaking of Interim Valuations June 2010	June 2010	January 2010	Y
Municipal Financial Viability and Management	A Financially Sound Town	Outstanding service debtors to revenue (All Services Excl Rates, Housing)	≤19%	21%	N
Municipal Financial Viability and Management	A Financially Sound Town	Outstanding service debtors to revenue (Water & Electricity - only)	≤15%	16%	N
Municipal Financial Viability and Management	A Financially Sound Town	Abuse of SCM system - Report to NT and SAP of fraudulent or criminal conduct MFMA Regulation 38(1)(b)(ii)&(e)&(f)	0	0	Y
Municipal Financial Viability and Management	A Financially Sound Town	Report to Council on Deviations of Procurement Processes MFMA regulation 36(2)	12	2	N
Municipal Financial Viability and Management	A Financially Sound Town	Invite prospective providers of goods and services - MFMA Regulation 14(1)(a)(ii) &14(2).	1	1	Y
Municipal Financial Viability and Management	A Financially Sound Town	SCM Implementation - Submit report to Council on the implementation of SCM MFMA Regulation 6(a)(i)&(ii).	June 2010	January 2010	Y

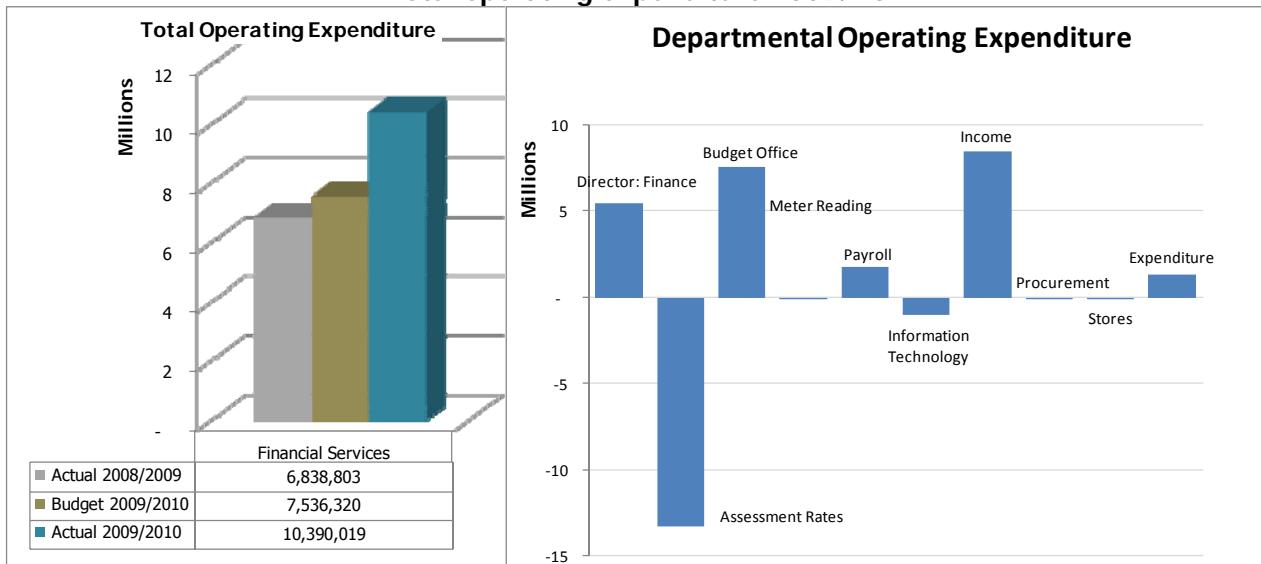
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Municipal Financial Viability and Management	A Financially Sound Town	SCM Policy - Review the implementation of the Policy and submit amendments to Council SCM Regulation 3(1)(b)&(c)	June 2010	-	N
Municipal Financial Viability and Management	A Financially Sound Town	Monthly submission of SCM information to NT & PT	12	12	Y
Municipal Financial Viability and Management	A Financially Sound Town	Awarding of MFMA compliant procurement contracts - Percentage of tenders awarded that comply with procurement policy	100%	92%	N
Municipal Financial Viability and Management	A Financially Sound Town	Percentage of creditors paid within 30 days of receiving statement.	100%	100%	Y

Table 44: Performance against KPA's: Financial Services



A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

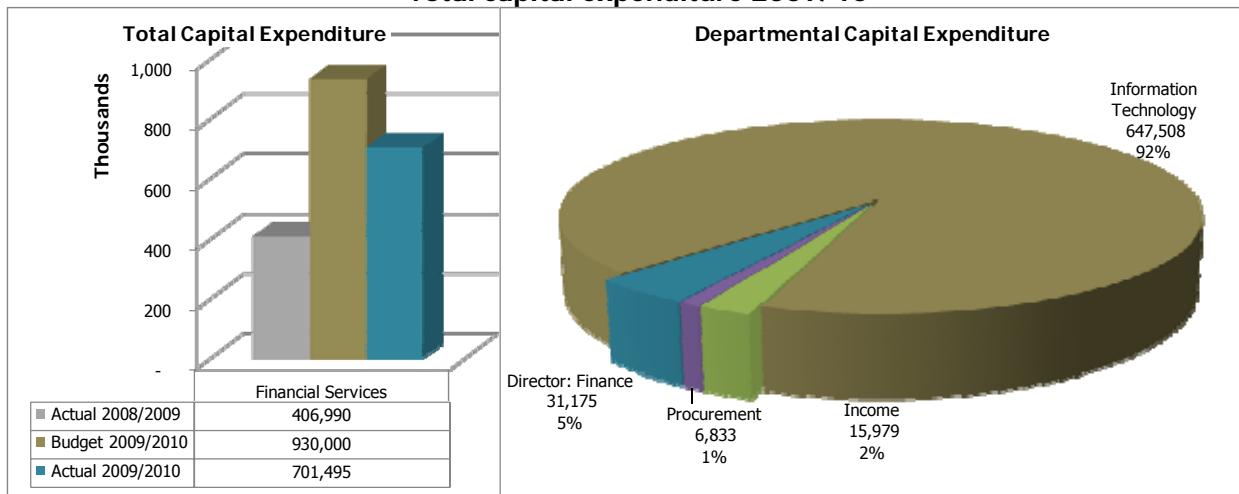
Total operating expenditure 2009/10



See note 40.2 of the Annual Financial Statements (Chapter 5) for "Details of material variances"

Assessment Rates received a contribution of R 18,2 million from Electrical Services contributing to negative expenditure figure of R13,2 million. Information Technology (IT), Stores, Procurement and Payroll departments are support departments which are recharged offsetting their expenditure.

Total capital expenditure 2009/10



The municipal IT systems capital program (Network, wireless, hardware and software) is managed by the IT Department. The IT program was curtailed due to cashflow considerations and only essential IT related equipment and software were acquired.

4.5 COMMUNITY SERVICES

Introduction

The directorate is tasked with;

- Improving social conditions by means of access to Libraries, Museums and Recreational Facilities.
- Safeguarding of health by means of Refuse, Cleansing, Sanitation and Cemeteries
- Maintaining public safety by means of Law Enforcement and the municipal Fire Brigade.

This Directorate's primary responsibilities are:

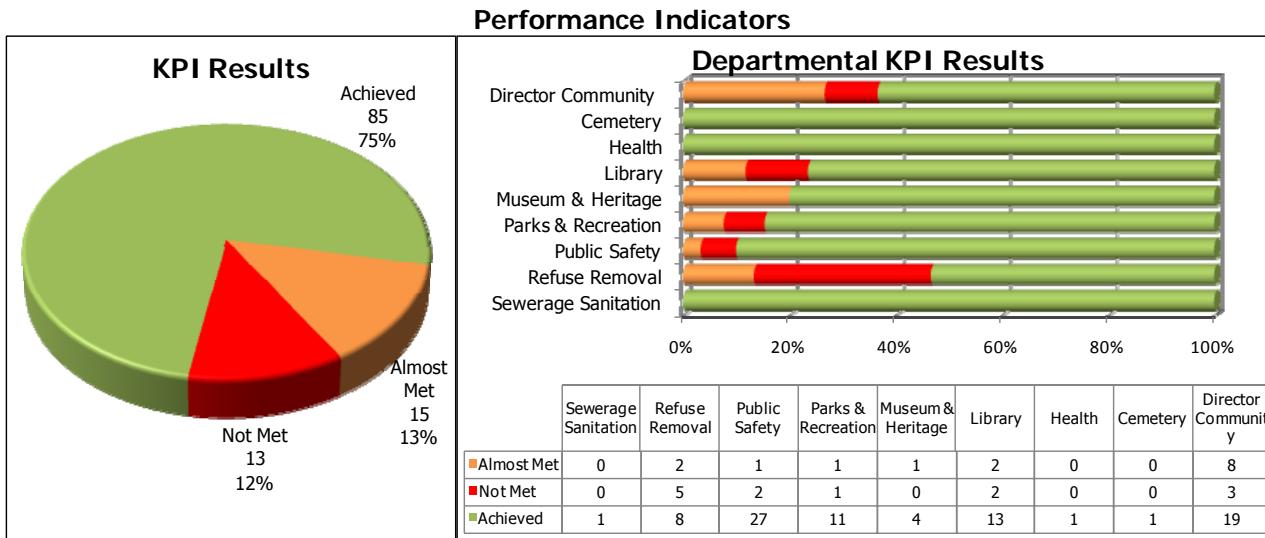
- Cemeteries,
- Cleansing,
 - Public Toilets
 - Street Cleaning
- Disaster Management,
- Fire fighting,
- Libraries, Arts Culture & Heritage
 - Libraries
 - Museums
- Parks and Recreation.
 - Parks
 - Sport Fields
 - Swimming Pool
- Sanitation
- Solid Waste (Refuse collection),
- Traffic and Licensing,
 - Traffic
 - Vehicle Licensing and Testing

Performance against KPA's

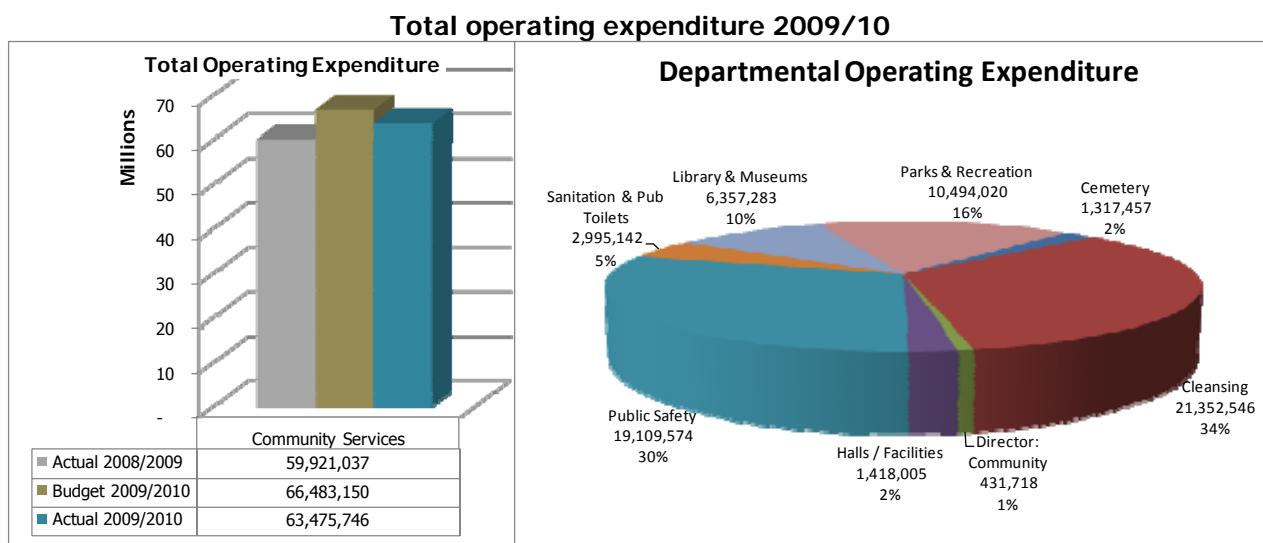
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Local Economic Development	An Attractive and Sustainable Town	Provide adequate institutional mechanisms for gender development - Number of meetings	6	4	N
Local Economic Development	An Attractive and Sustainable Town	Provide adequate institutional mechanisms for youth and - Number of meetings	6	12	Y
Good Governance and Public Participation	A Reliably Functioning Town	Engage in Community Awareness Initiative	2	2	Y
Good Governance and Public Participation	A Reliably Functioning Town	Review a comprehensive HIV/AIDS Strategy June 2010	1	1	Y
Basic Service Delivery	A Caring and Contented Town	Establish new cemetery for Knysna - Identify a site for the new cemetery	March 2010	-	N
Basic Service Delivery	An Attractive and Sustainable Town	Implementation two recommendations of the Integrated Waste Management Plan - Phase 1 (Develop 2 garden and building refuse sites)	2	2	Y
Basic Service Delivery	An Attractive and Sustainable Town	Implementation two recommendations of the Integrated Waste Management Plan - Phase 2 - 100% expenditure on the roll-out of Wheelie Bins	100%	100%	Y
Basic Service Delivery	An Attractive and Sustainable Town	Increase the amount of waste recycled by 2% per annum	2,244 (Tons)	1,981 (Tons)	N
Basic Service Delivery	A Successful and Respected Town	Organised Law enforcement operations - 12 Law enforcement operations	12	45	Y
Basic Service Delivery	A Successful and Respected Town	Road Safety Training - 12 educational Institutions training presented (primary schools)	12	17	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Successful and Respected Town	Fire Prevention inspections and awareness - 500 Fire Prevention inspections and awareness	500	672	Y
Basic Service Delivery	A Caring and Contented Town	The Disaster Management Plan (DMP) submitted to Council by December	December 2009	October 2009	Y
Basic Service Delivery	A Caring and Contented Town	A minimum of one fire and rescue/ disaster/ emergency exercise per annum	1	1 (World Cup dry run)	Y
Basic Service Delivery	An Attractive and Sustainable Town	Creation of person days in casual jobs Parks Department	200	2,216	Y
Basic Service Delivery	An Attractive and Sustainable Town	Two play parks created within communities identified in conjunction with NRPs	2	1	N
Basic Service Delivery	A Town Prepared for the Future	Hours utilised by users (registered and non-registered) in the Business Centres (Libraries)	3,000	42,182	Y
Basic Service Delivery	A Town Prepared for the Future	Providing Education Support through Libraries - Number of ABET Beneficiaries in Libraries	120	248	Y
Basic Service Delivery	A Town Prepared for the Future	Providing Education Support through Libraries - Number of suitcase libraries established	20	366	Y
Basic Service Delivery	A Town Prepared for the Future	586 workday equivalent created through volunteer initiative in the libraries	586	394	N
Basic Service Delivery	An Attractive and Sustainable Town	Number of visitors to Millwood House museum	4,800	4,039	N
Basic Service Delivery	An Attractive and Sustainable Town	Number of visitors to Old Gaol museum	6,000	6,313	Y

Table 45: Performance against KPA's: Community Services

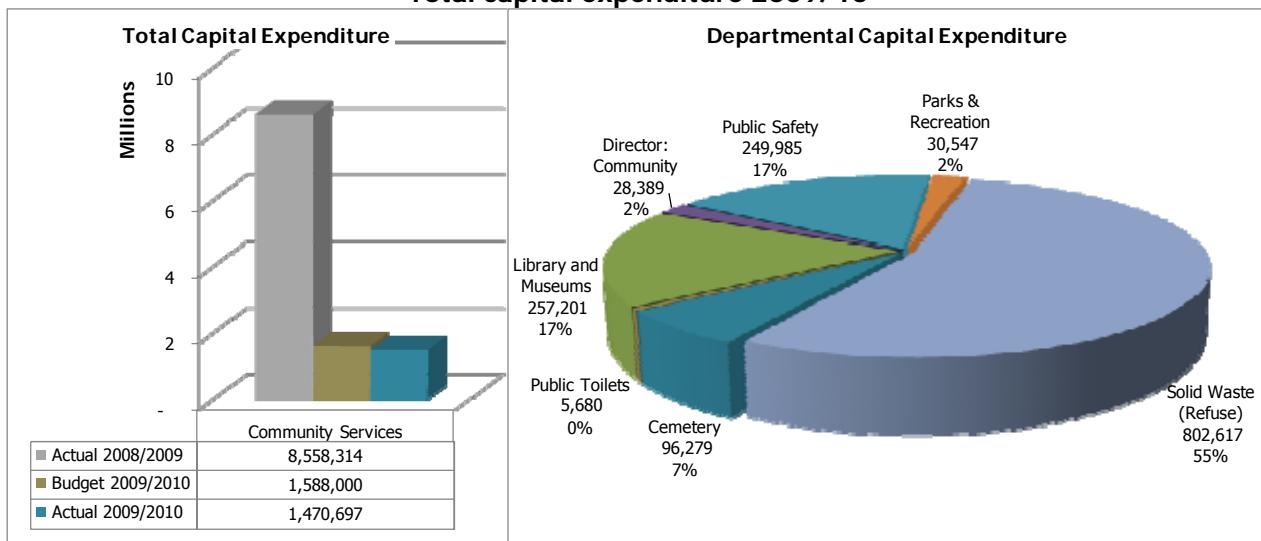


A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.



The under expenditure of R3 million (4.5%) relates to a reduction in the requirement for the provision of bad debt relating to refuse service debtors amounting to R2.8 million.

Total capital expenditure 2009/10



There is a nominal under expenditure of 7% (R117,303) on the capital expenditure within the directorate.

4.6 TECHNICAL SERVICES

Introduction

The primary responsibility of the Technical Services Directorate is the provision and maintenance of infrastructure for essential services. The priority of the Directorate for the next five years is to ensure that in the long term infrastructure can accommodate the growth of the town and that planning of all infrastructure projects is done according to the Integrated Development Plan (IDP).

It fulfills the following functions:

- Public Works (roads, stormwater and building maintenance);
- Water and Sewerage (Raw water abstraction, water treatment, water distribution, Sewerage collection, reticulation and sewerage treatment functions);

Performance against KPA's

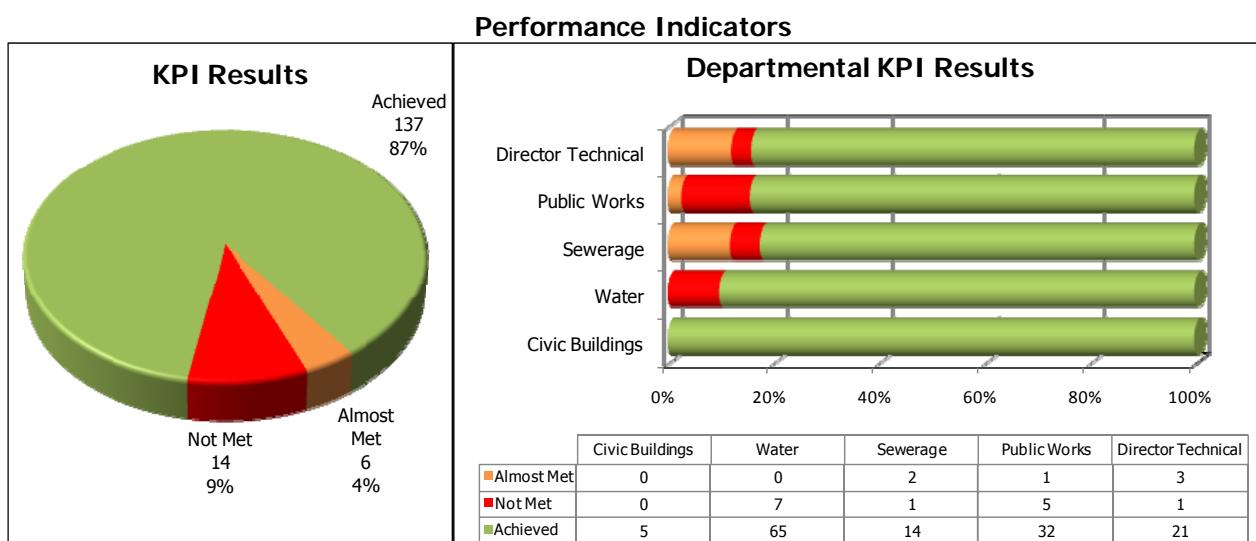
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	Produce a medium term service plan to cover the infrastructure demands on the service over the medium term	March 2010	March 2010	Y
Basic Service Delivery	A Reliably Functioning Town	Km of stormwater lines cleared – Greater Knysna area	54	138	Y
Municipal Financial Viability and Management	A Financially Sound Town	Total percentage of maintenance budget spent –road maintenance function	≥95%	105%	Y
Municipal Financial Viability and Management	A Financially Sound Town	The total number of formal household with access to on site water supply divided by the total number of households known to the Municipality	100%	100%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Percentage of households in approved informal areas with standpipe water supply within 200m	100%	100%	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	Percentage of water losses - Greater Knysna area	28%	26%	Y
Municipal Financial Viability and Management	A Financially Sound Town	The total number of breaks in water service provision - Greater Knysna area	2,175	907	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Knysna	≥85%	95%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Sedgefield	≥85%	95%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Belvidere	≥90%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Buffel's Bay	≥80%	85%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Rheeënendal	≥80%	85%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the chemical standards: Karatara	≥90%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of Water purification tests that meet the bacteriological standards: Greater Knysna Area	≥90%	100%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Total Percentage of maintenance Budget spent – Water Reticulation	≥95%	67%	N
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Knysna	≥70%	80%	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Sedgefield	≥40%	35%	N
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Brenton	≥70%	76%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Belvidere	≥70%	79%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Rheenendal	≥50%	86%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required Chemical effluent standards: Karatara	≥70%	86%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Knysna	≥50%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Sedgefield	≥60%	50%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Brenton	≥90%	67%	N
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Belvidere	≥60%	100%	Y

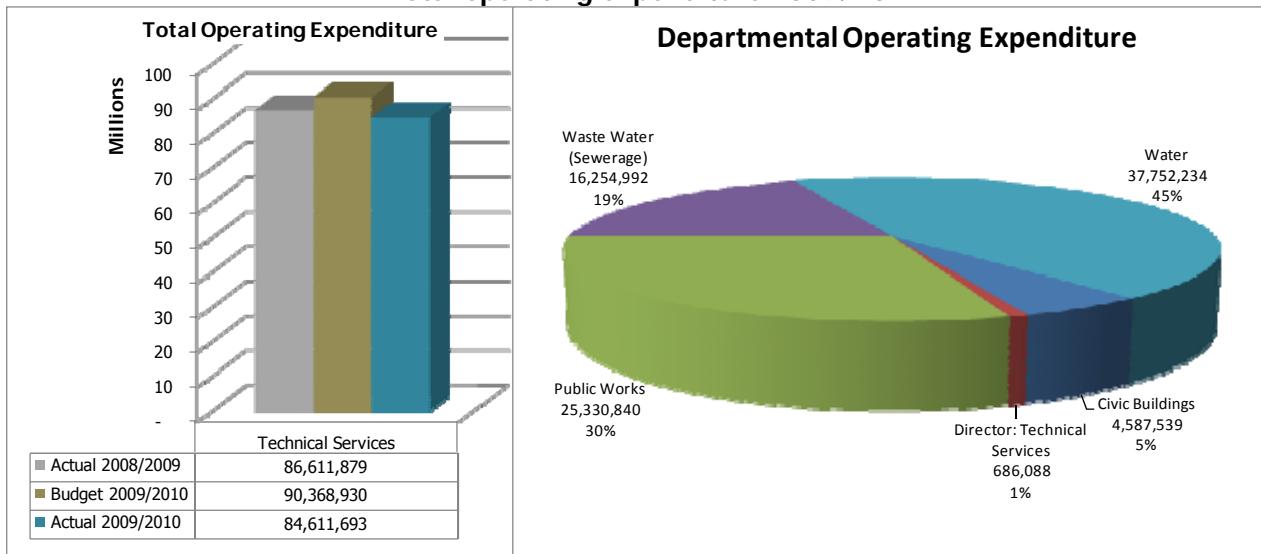
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Rheeendal	≥80%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage of sewage purification tests that meet required bacteria effluent standards: Karatara	≥80%	83%	Y
Municipal Financial Viability and Management	A Financially Sound Town	Total Percentage of maintenance Budget spent – Civic Buildings	≥95%	121%	Y

Table 46: Performance against KPA's: Technical Services



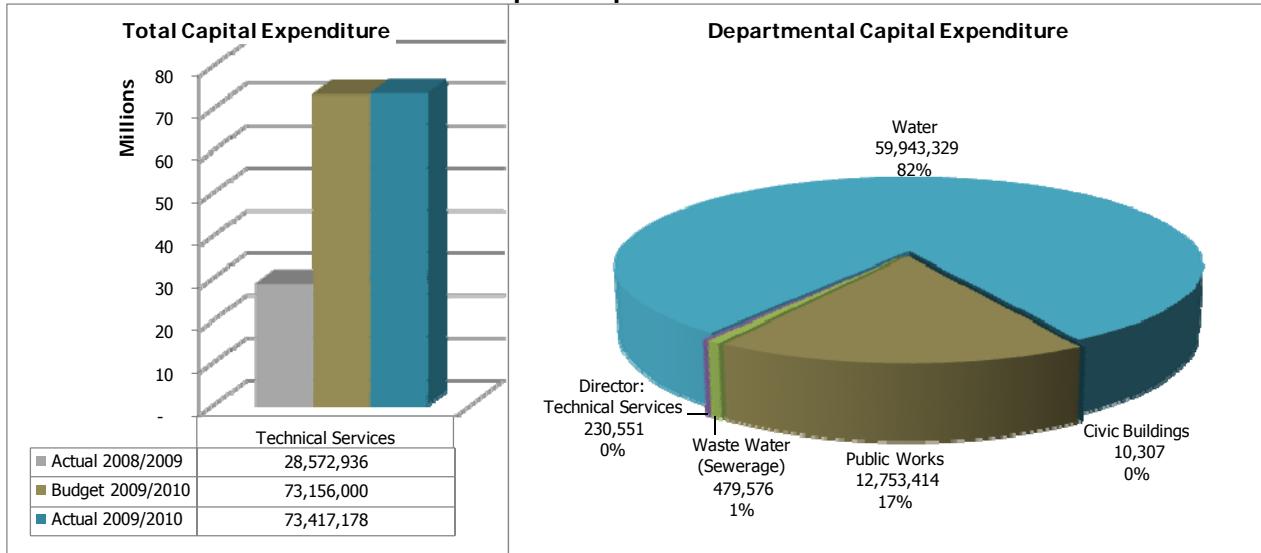
A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

Total operating expenditure 2009/10



The under expenditure of R5,8 million relates to the capitalization of assets (Grant - MIG: Flood Damage) amounting to R4.3 million, the reduced requirement for the provision of bad debts (Waste Water) amounting to R1,3 million and a saving on salaries of 1,6 million.

Total capital expenditure 2009/10



There is a nominal over expenditure of 0.4% (R261,178) on the capital expenditure within the directorate.

4.7 Strategic Services

Introduction

This Directorate is responsible for:

- The development of council policies and strategies ,
- The Integrated Development Plan,
- Local Economic Development,
- Sports Development
- Gender related issues

The newly established Knysna Economic Development Agency financial results have been included within Strategic Services financial results.

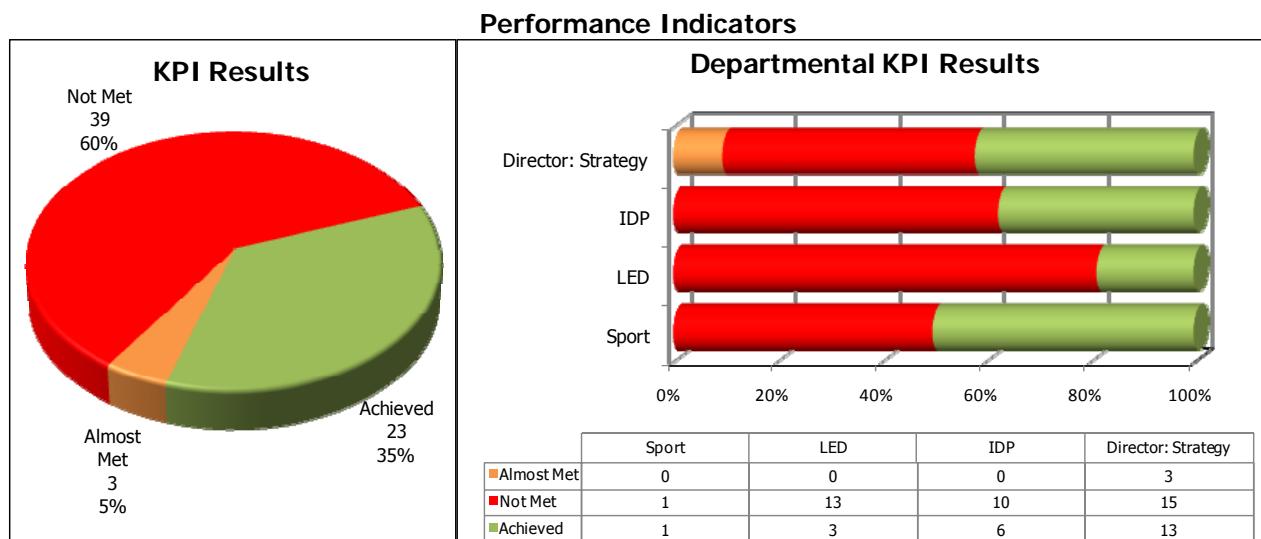
Performance against KPA's

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Local Economic Development	A Successful and Respected Town	SMME Development - Ensure empowerment is applied consistently for tenders and contracts	100%	-	N
Local Economic Development	A Successful and Respected Town	SMME Development - Oversight exercised in awarding of tenders and contracts	100%	-	N
Local Economic Development	A Successful and Respected Town	SMME Development - All staff informed of SCM policy and processes	100%	50%	N
Local Economic Development	An Attractive and Sustainable Town	Facilitate the development of tourism entrepreneurs with focus on the disadvantaged - Number of new Tourism Entrepreneurs	3	-	N
Local Economic Development	An Attractive and Sustainable Town	Create an enabling environment for Tourism Growth through investment in additional tourism - Number of Proposals Submitted	1	1	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Local Economic Development	An Attractive and Sustainable Town	Establish an agent for the implementation of NRP initiatives - Provide annual Report	1	-	N
Local Economic Development	An Attractive and Sustainable Town	Extend conceptualized framework for the Neighbourhood Revitalisation Programme to other arrears - No of Areas	1	-	N
Local Economic Development	An Attractive and Sustainable Town	Develop partnership proposals for potential economic development projects	2	5	Y
Local Economic Development	An Attractive and Sustainable Town	Provision of an incubation facility for SMMEs - Number of SMMEs established	6	4	N
Local Economic Development	An Attractive and Sustainable Town	Facilitate woman and youth entrepreneur development by establishing new entrepreneurs - Number of new woman and youth entrepreneurs	3	28	Y
Local Economic Development	An Attractive and Sustainable Town	Reviewed LED strategy - Review and submit LED strategy	June 2010	-	N
Local Economic Development	An Attractive and Sustainable Town	Facilitate the commercialization of the existing agricultural projects by facilitating access to markets - Number of Proposals	1	-	N
Good Governance and Public Participation	A Reliably Functioning Town	Identify, facilitate and mobilize resources for sport development initiatives - Number of funding proposals	2	1	N
Good Governance and Public Participation	A Reliably Functioning Town	Provision of adequate facilities for cultural promotion with specific focus on its economic benefits - Number of funding proposals	2	1	N

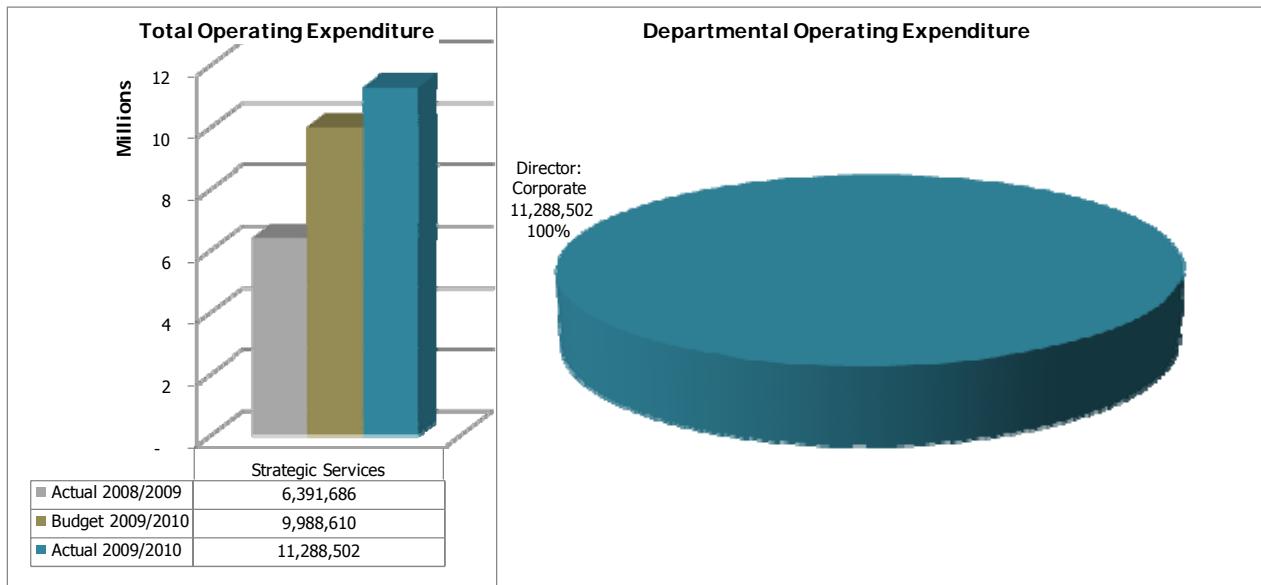
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Good Governance and Public Participation	A Reliably Functioning Town	Design an operational framework for sport and cultural development - Reviewed Sport Development Plan adopted by Council	June 2010	-	N
Good Governance and Public Participation	A Reliably Functioning Town	Tightening of the institutional set up for effective liaison on sport and cultural issues - Number of Sport Forum meetings	6	15	Y
Good Governance and Public Participation	A Reliably Functioning Town	2008/2009 Oversight report adopted by 31 March 2010	31 March 2010	31 March 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	2008/2009 Annual report adopted by 31 March 2010	31 March 2010	31 March 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	Number of public consultation meetings held for the new IDP / Knysna 2020 initiative / and Budget	8	12	Y
Good Governance and Public Participation	A Reliably Functioning Town	Integrated Development Plan - Integrated Development Plan approved by 31 May Annually	31 May 2010	27 May 2010	Y

Table 47: Performance against KPA's: Strategic Services



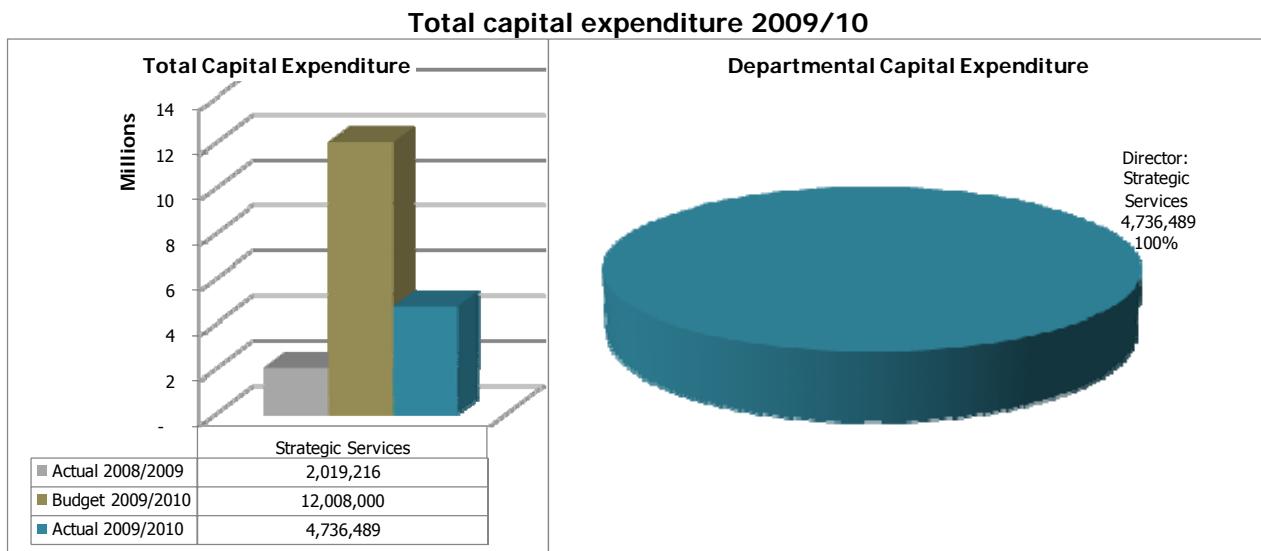
A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

Total operating expenditure 2009/10



See note 40.2 of the Annual Financial Statements (Chapter 5) for "Details of material variances"

The graph includes R 37,940 expenditure relating to KEDA.



The under expenditure of R7.3 million relates to the Northern and Eastern Corridor Upgrade (NDPG) R4 million projects (R4 million) which did not eventuating the remaining relate to savings on World Cup 2010 projects.

The graph includes R 38,542 spent on furniture and equipment for KEDA.

4.8 PLANNING AND DEVELOPMENT

Introduction

This department is responsible for planning and designing of the future development of a town, especially concerned with using land and resources to their best advantage and preserving the character of the architecture.

This Directorate is responsible for:

- Building control,
- Town planning
- Land reform,
- Integrated Human Settlements
- Environmental management.

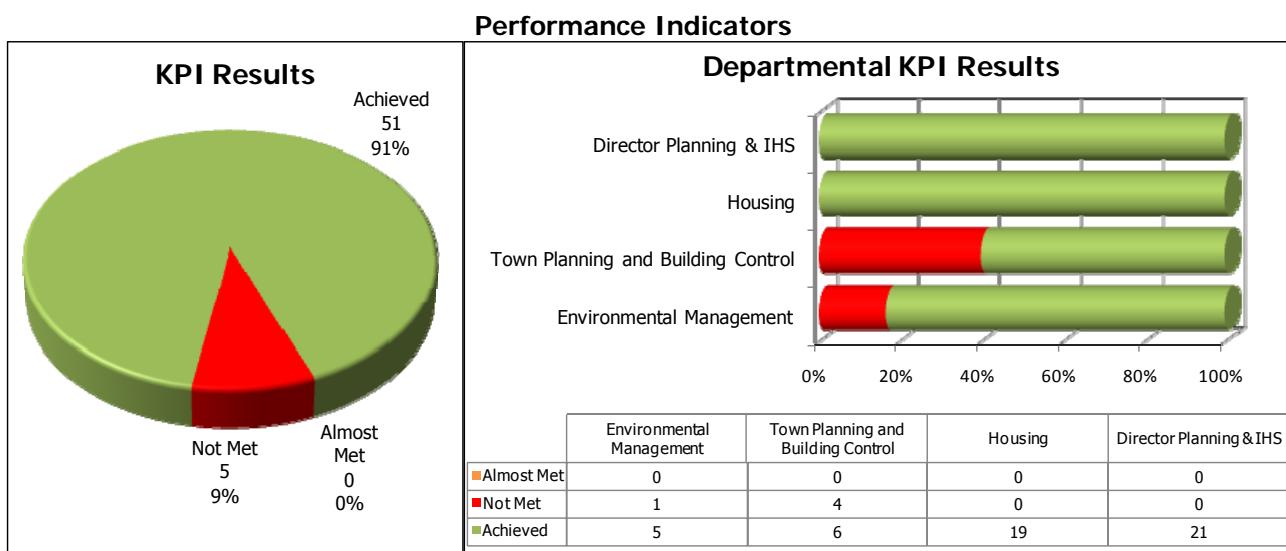
Performance against KPA's

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Caring and Contented Town	Create opportunities for emerging entrepreneurs within the housing program - Employment of emerging sub-contractors or contractors (women, youth, HDI)	10	11	Y
Basic Service Delivery	A Caring and Contented Town	Completion of the Affordable Housing Business Plan for Heidevallei and Hornlee	March 2010	March 2010	Y
Basic Service Delivery	A Caring and Contented Town	Implement an accessible and useful Housing Interaction Programme in all wards in the GKLM - Number of Interactions	8	19	Y
Basic Service Delivery	A Caring and Contented Town	Review IHSS in terms of the Built Environment Support Program - Review submitted to PAWC	June 2010	May 2010	Y

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Caring and Contented Town	Implementation of Emergency Housing Programme within 7 days of incident	55	134	Y
Basic Service Delivery	A Caring and Contented Town	250 subsidised housing units completed and signed off by WCPA	≥250	543	Y
Basic Service Delivery	A Caring and Contented Town	Title Deeds finalised and handed over via conveyances	≥100	203	Y
Basic Service Delivery	A Caring and Contented Town	Two hundred current council housing transfers completed	≥200	844	Y
Basic Service Delivery	A Caring and Contented Town	Implementation of the Integrated Human Settlement Strategy	≥2	16	Y
Basic Service Delivery	A Town Prepared for the Future	Implement an accessible and useful Consumer Awareness Programmes regarding Town Planning in the GKLM	June 2010	May 2010	Y
Good Governance and Public Participation	A Reliably Functioning Town	Implement an accessible and useful Consumer Awareness Programmes in all housing projects in the GKLM	≥250	2,703	Y
Basic Service Delivery	A Town Prepared for the Future	Review Spatial Development Plan, as per the Built Environment Support Programme	June 2010	May 2010	Y
Basic Service Delivery	A Town Prepared for the Future	Develop and Implement two spatial planning exercises	≥2	7	Y
Basic Service Delivery	A Town Prepared for the Future	Implement an accessible and useful Consumer Awareness Programmes regarding Building Control in the GKLM	March 2010	March 2010	Y
Basic Service Delivery	A Town Prepared for the Future	Develop a pro-forma building plan for additions to project-linked houses	June 2010	March 2010	Y
Basic Service Delivery	A Town Prepared for the Future	Design and Develop the Bongani River Catchment Area Plan	June 2010	March 2010	Y

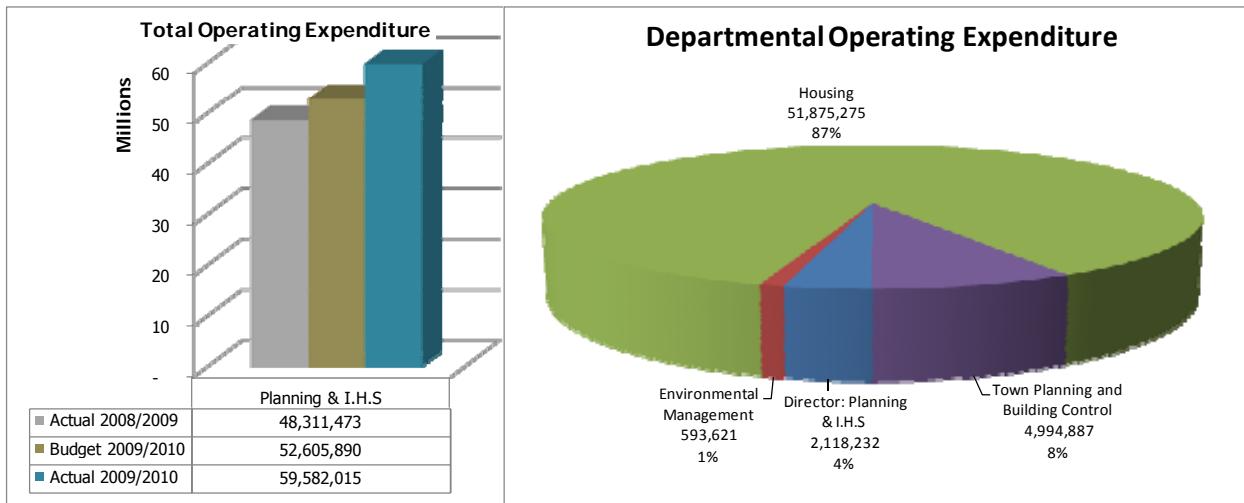
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Town Prepared for the Future	Design and implement KEPMAP interventions to ensure communities understand and appreciate the value of the estuary	≥4	11	Y
Basic Service Delivery	A Town Prepared for the Future	Water campaign to mitigate drought conditions	1	1	Y
Basic Service Delivery	A Town Prepared for the Future	Design and Develop the Environment Management Systems Implementation Plan	1	-	N
Basic Service Delivery	A Town Prepared for the Future	Engage in environmental awareness programmes	≥4	11	Y

Table 48: Performance against KPA's: Planning and Development



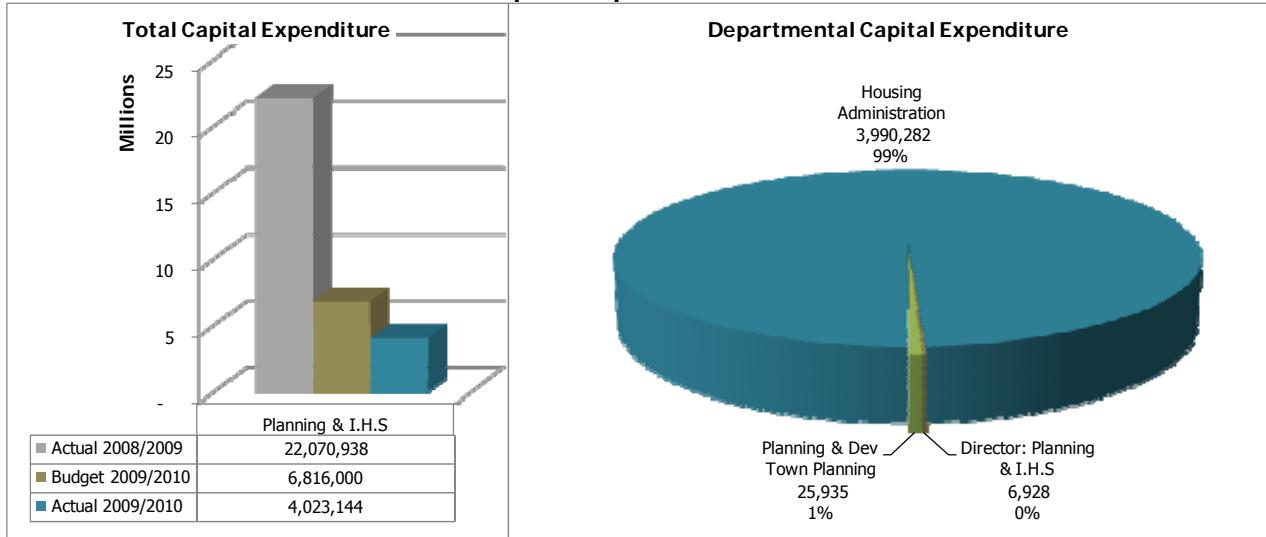
A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

Total operating expenditure 2009/10



See note 40.2 of the Annual Financial Statements (Chapter 5) for "Details of material variances"

Total capital expenditure 2009/10



The under expenditure in capital expenditure is offset by the over expenditure on the operating budget and relates to the provision of housing.

4.9 ELECTRO TECHNICAL SERVICES

Introduction

This Department is responsible for all electricity projects and maintenance. It comprises of the following sections:

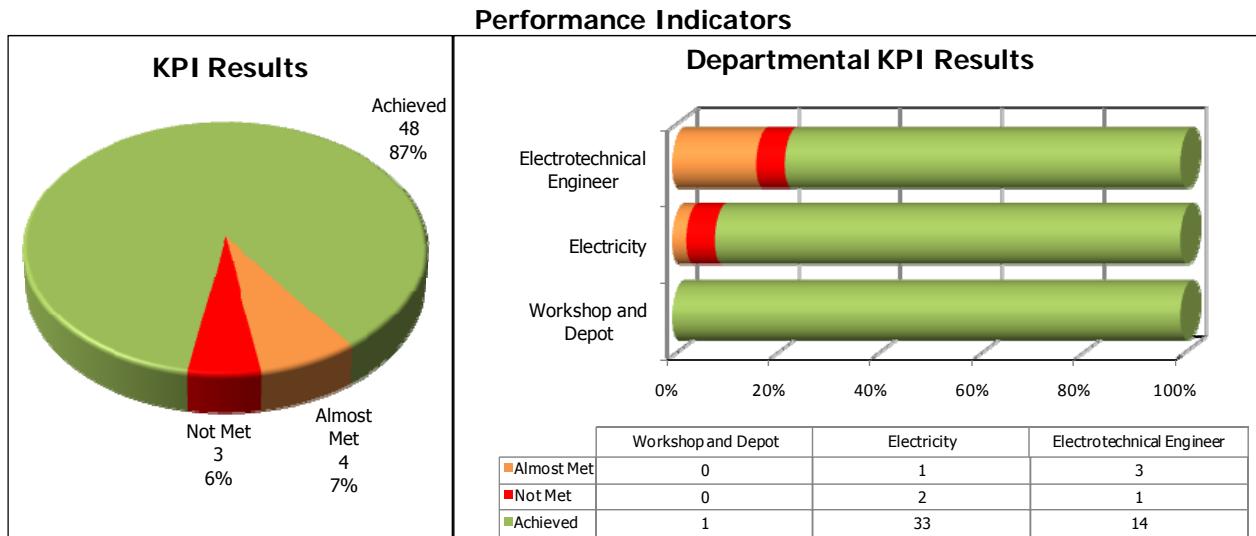
- Electricity administration,
- Electricity distribution,
- Street lighting and
- The Mechanical Workshop and Depot

Performance against KPA's

National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	The average length of time between a vehicle entering the workshop and the completion of the job	1 Week	1 Week	Y
Basic Service Delivery	A Reliably Functioning Town	Maintain a electricity emergency service - Availability of personnel 24 hours per day according to standby list	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Repair power failures - 98% within 24 hours and submit monthly report	98%	98%	Y
Basic Service Delivery	A Reliably Functioning Town	Repair power failures - 90% within 7,5 hours and submit monthly report	90%	90%	Y
Basic Service Delivery	A Reliably Functioning Town	Repair power failures - 60% within 3,5 hours and submit monthly report	60%	60%	Y
Basic Service Delivery	A Reliably Functioning Town	Repair power failures - 50% within 1,5 hours and submit monthly report	50%	50%	Y

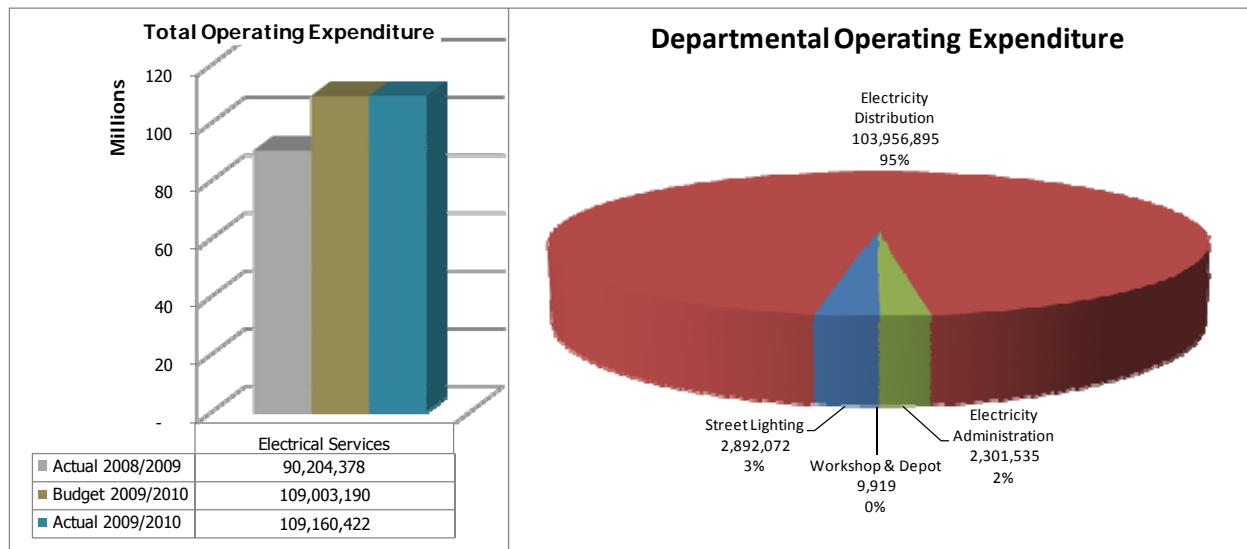
National Key Performance Area	Municipal (IDP) Key Performance Area	Key performance indicator / Unit of measurement	Target	Actual performance	Achieved
Basic Service Delivery	A Reliably Functioning Town	Provide supply - within thirty days where existing network can be used and sixty days for low tension and ninety days for medium tension where extensions must be made to the network.	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Customer complaints - Number of complaints received, by letter, telephone or electronic transmission that were responded too.	≤20	3	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage new formal household electricity applications connected within 14 days of request	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	The total number of new formal household electricity connections completed - Number	≥1,000	256	N
Basic Service Delivery	A Reliably Functioning Town	Formal households with on site electricity facilities divided by the total number of households known to the Municipality	≥98%	98%	Y
Basic Service Delivery	A Reliably Functioning Town	The number of reported failures in medium Voltage power supply directly attributable to the Municipality	≤60	61	N
Basic Service Delivery	A Reliably Functioning Town	Percentage of electricity losses	≤8%	8%	Y
Basic Service Delivery	A Reliably Functioning Town	Minor fault response time - Percentage of faults reported dealt with within 24 hours (call outs)	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Response time to attend to traffic light faults – 100% repaired in one day.	100%	100%	Y
Basic Service Delivery	A Reliably Functioning Town	Percentage attendance to street light faults – within two weeks	100%	100%	Y

Table 49: Performance against KPA's: Electro-technical Services



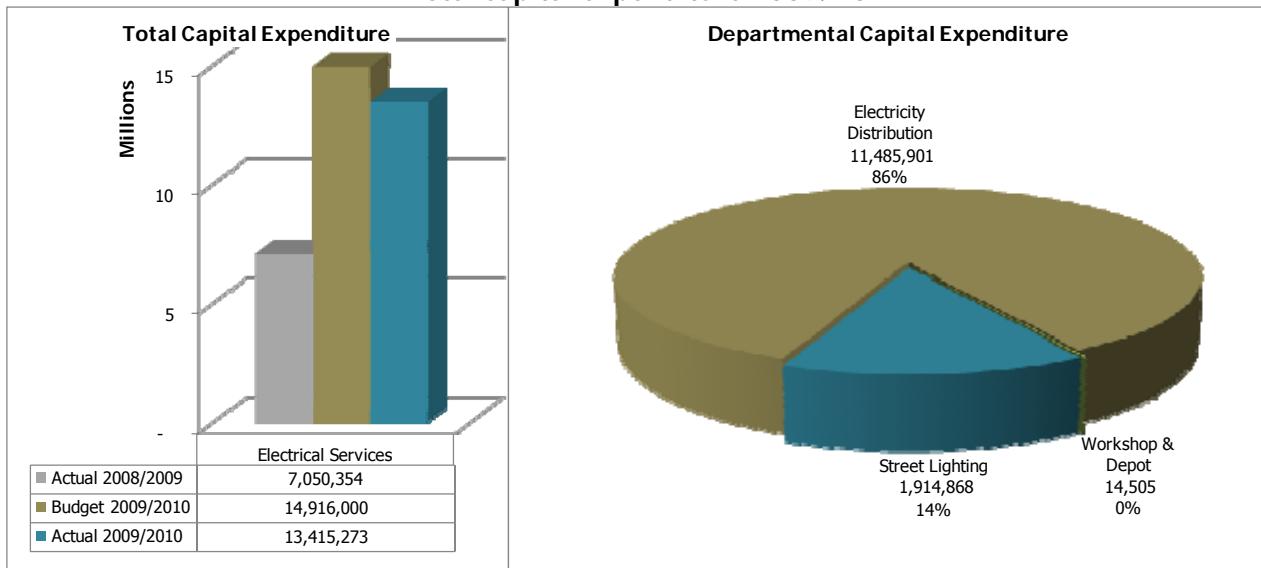
A comprehensive breakdown of key performance indicators is provided in Paragraph 4.10.

Total operating expenditure 2009/10



There is a nominal over expenditure of R 157,232 (0.1%)

Total capital expenditure 2009/10



There is a saving of R1.5 million (10%) relating to the purchase and installation of the 20/25MVA 66/11KV Transformer.

4.10 WARD BASED CAPITAL INVESTMENT

Type of service	1;	2;	3;	4;	5;	6;	7;	8;	1; 2;	3; 4; 5; 6; 7; 8;	3; 4; 7; 8;	3; 5; 6; 7; 8;	4; 6; 7;	4; 6; 7; 8;	5; 8;	6; 7; 8;	All;	Total
Housing	-	-	-	-	-	-	-	433	-	-	2,926	-	-	-	-	-	631	3,990
Water	13,662	7,372	-	-	325	-	-	-	-	27,217	-	-	1,365	2,971	88	-	6,944	59,943
Waste Water Management (Sanitation)	-	-	-	-	-	-	-	-	-	61	-	-	-	304	-	-	119	485
Waste Management (Refuse removal)	-	-	-	-	114	584	-	-	-	-	-	-	-	-	-	-	105	803
Electricity	147	368	-	-	1,996	-	-	-	-	7,063	645	-	-	1,700	-	-	1,481	13,401
Road Transport (Storm Water, Paving of Roads & Sidewalks, Tarring & Re-gravelling of Roads)	3,592	612	-	-	4,747	-	30	-	-	2,271	-	-	526	-	-	971	5	12,753
Community and Social Services (Libraries, Fire Stations, Museums, etc)	-	2	-	-	-	-	-	-	-	210	-	-	-	-	-	-	141	353
Sport and Recreation (Play parks & open Spaces)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31	31
Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,835	1,835
Finance and	352	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,370	5,722

Type of service	1;	2;	3;	4;	5;	6;	7;	8;	1; 2;	3; 4; 5; 6; 7; 8;	3; 4; 7; 8;	3; 5; 6; 7; 8;	4; 6; 7;	4; 6; 7; 8;	5; 8;	6; 7; 8;	All;	Total	
Administration																			
Public Safety	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216	250
Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26	26
Total	17,788	8,354	-	-	7,181	584	30	433	-	36,822	3,571	-	1,891	4,975	88	971	15,591	98,280	

Table 50: Infrastructure Investment 2009-2010

Historical Infrastructure Investment 2006-2010

Type of service	1;	2;	3;	4;	5;	6;	7;	8;	1; 2;	3; 4; 5; 6; 7; 8;	3; 4; 7; 8;	3; 5; 6; 7; 8;	4; 6; 7;	4; 6; 7; 8;	5; 8;	6; 7; 8;	All;	Total	
Housing	-	-	-	-	-	51	-	433	-	-	70,140	-	-	-	-	-	-	800	71,424
Water	22,581	13,562	-	-	325	-	-	804	111	48,736	158	-	1,365	2,971	88	-	16,576	107,276	
Waste Water Management (Sanitation)	1,411	3,192	487	-	3,622	-	2,178	-	462	3,977	708	2	-	304	-	-	4,774	21,118	
Waste Management (Refuse removal)	-	-	135	-	114	584	-	-	-	146	-	2,702	-	-	-	-	3,617	7,298	
Electricity	2,795	368	87	-	8,645	-	-	-	19	28,944	2,028	-	-	1,700	-	-	2,426	47,013	
Road Transport (Storm Water, Paving of Roads & Sidewalks, Tarring & Re-gravelling of Roads)	3,592	612	-	-	9,975	3	2,450	15	704	2,271	1,913	-	526	-	-	971	12,549	35,580	

Type of service	1;	2;	3;	4;	5;	6;	7;	8;	1; 2;	3; 4; 5; 6; 7; 8;	3; 4; 7; 8;	3; 5; 6; 7; 8;	4; 6; 7;	4; 6; 7; 8;	5; 8;	6; 7; 8;	All;	Total
Community and Social Services (Libraries, Fire Stations, Museums, etc)	13	212	99	-	85	10	-	61	-	210	10	77	-	-	-	-	826	1,603
Sport and Recreation (Play parks & open Spaces)	-	240	-	26	-	102	-	-	-	12	100	-	-	-	-	-	780	1,260
Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,012	1,012
Finance and Administration	1,029	530	229	43	47	94	279	396	-	336	-	-	-	-	-	-	11,967	14,950
Public Safety	34	-	-	-	-	-	-	-	502	-	-	-	-	-	-	-	4,121	4,657
Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65	65
Total	31,456	18,716	1,037	69	22,812	844	4,907	1,709	1,798	84,632	75,057	2,781	1,891	4,975	88	971	59,512	313,256

Table 51: Historical Infrastructure Investment 2006-2010

The table above shows the infrastructure development spend since 2006 when Councils SDBIP was implemented and budgeting per ward based plan was implemented. It clearly shows a strong focus on service delivery issues but also lack capital spent on social infrastructure like Community and Social Services (Libraries, Fire Stations, Museums, etc), Sport and Recreation (Play parks & open Spaces) and Local Economic Development projects

4.11 SDBIP: 2009/2010

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011					
				2008 / 2009	2009 / 2010									
Executive and Council														
Council														
AFST	MFVM	Medium Term Revenue and Expenditure Framework	Completion of draft Operating & capital Budget and formal approval by Council by 31 May	1	1	1	1	Met	1					
AFST	MFVM	Compilation of Adjustment Budget	Completion of Draft Budget within the required timeframe	1	1	1	1	Met	1					
RFT	GGPP	Performance agreement & contract signed	Signing of performance contracts for all managers and municipal manager	6	6	6	6	Met	6					
RFT	GGPP	Preparation and submission of SDBIP 2010/11	Submit SDBIP within 28 days after budget approval to mayor	1	1	1	1	Met	1					
AFST	MFVM	Annual municipal budget and adjustment estimates	Annual budget approved and monitoring of implementation	New		1	1	Met	1					
AFST	MFVM	Effective expenditure and revenue management	Monitoring of revenue and expenditure and decisions on remedial steps if necessary Sect. 71	New		1	1	Met	12					
RFT	GGPP	Strategic planning session and approval of annual municipal strategy	IDP approved	New		1	1	Met	1					
RFT	GGPP	Strategic planning session and approval of annual municipal strategy	Strategy session attended to determine municipal strategies	New		1	1	Met	1					
RFT	GGPP	Council Meetings	Council meetings held	New		7	10	Met	4					
RFT	GGPP	Special Council Meetings	Attendance of meetings at least 80%	New		80.00%	86.67%	Met	-					
RFT	GGPP	Executive Mayoral Committee Meetings	EMC meetings held	New		1	1	Met	10					
RFT	GGPP	Community meetings	Community meetings successfully held	New		1	1	Met	-					
RFT	GGPP	Councillor Training plan	Assessment and drafting of plan	New		1	0	Not Met	-					
RFT	GGPP	Reporting of the 2008/09 performance	Annual Report approved	New		1	1	Met	1					
RFT	GGPP	Performance Framework adherence	Performance reviews completed	New		1	1	Not Met	4					
Municipal Manager														
AFST	MFVM	Annual Municipal budget and adjustment estimates	Submit to NT the municipality's returns as required	12	12	12	12	Met	12					
AFST	MFVM	Budget related Policies	Approval by Council of Budget related policies	1	1	1	1	Met	1					
ASRT	MFVM	Review of organisational structure	Review of approved organisational structure of the organisation	1	1	1	2	Met	1					
ASRT	MTID	Program on capital expenditure (Council)	% of project funds expended	100%	68%	100%	90%	Met	100%					
ASRT	MFVM	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		95%	95%	Met	-					
ASRT	MTID	Program on capital (Directorate)	% of project /phase completed	New		100%	90%	Met	100%					
AFST	MFVM	Management of external audit queries	No of relevant audit queries completed within 30 days	New		100%	100%	Met	100%					
AFST	MFVM	Percentage of operating expenditure spent on personnel remuneration	Total cost of Employee related costs divided by total operating budget (pre rebate)	New		32%	30%	Met	33%					
AFST	MFVM	Percentage of operating expenditure spent on Councilor remuneration	Total cost of Councilor related costs divided by total operating budget (pre rebate)	New		1.30%	1.14%	Met	1.30%					

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	-
AFST	MFVM	Annual municipal budget and adjustment estimates	Annual budget approved and monitoring of implementation	New		1	1	Met	1
AFST	MFVM	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0	Met	0
RFT	GGPP	Complaints received by the Mayor and full-time Councillors are attended to	Attend to complaints: % within 3 days	New		95%	95%	Met	95%
RFT	GGPP	Resolutions taken by the Executive Mayor comply with legislative requirements	% Support and advice within 24 hours	New		95%	95%	Met	95%
RFT	GGPP	Advise to all Councillors about legislative requirements when queries are received	% advise within 24 hours	New		95%	95%	Met	95%
RFT	GGPP	Advise the Speaker on procedures to be followed and investigations on any alleged breach of the Code of Conduct for Councillors	% Advise within 24 hours	New		95%	95%	Met	95%
RFT	GGPP	Arrange press meetings and -interviews for the Mayor	% Arrangements within 3 hours	New		95.00%	96.25%	Met	-
RFT	GGPP	Distribution of municipal newsletters	Newsletters distributed annually	New		4	4	Met	2
RFT	GGPP	Liaison with Leadership team on a weekly basis	Meetings with management team per month	New		95%	95%	Met	95%
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	3	Almost Met	100%
RFT	GGPP	Implementation of Council resolutions	To monitor that items are implemented within required timeframe	New		95.00%	71.25%	Almost Met	100%
RFT	GGPP	Functioning Audit Committee	Supporting audit committee meetings	New		1	1	Met	4
FST	MFVM	Improvement in conditional grant spending - capital	% of total conditional capital grants spent	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
RFT	GGPP	% of Job category 1 and 2 appointments affirmative i.t.o. EE plan	% of appointments on Job category 1 and 2 based on affirmative action	New		New		-	75%
RFT	GGPP	Liaison with Leadership team	Meetings with extended management team	New		New		-	95%
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
SRT	MFVM	Complaints system	Implement complaints system by end June	New		New		-	100%
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 10 working days	New		New		-	90
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
TPF	GGPP	Improved good governance (anti-corruption policy)	Develop an Anti-corruption policy by end June	New		New		-	1
Performance, Internal Audit and Risk Management									
RFT	GGPP	Number of Audits undertaken	The Total number of internal audit reports prepared (Section 62(1)(c) of the	10	10	8	8	Met	10

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			MFMA						
RFT	GGPP	Preparation and submission of SDBIP	Submit SDBIP within 28 days after budget approval to mayor	1	1	1	1	Met	1
RFT	GGPP	Publication if Internal Audit Plan	Approval and submission of risk based audit plan	1	1	100%	100%	Met	100%
RFT	GGPP	Risk Based audit plan	Executing audit plan	New		100%	100%	Met	100%
RFT	GGPP	Regular updating of municipal web page	Review and update monthly	New		100.00%	68.33%	Not Met	12
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of queries rectified within 6 months	New		80%	100%	Met	80%
FST	MFVM	Implementation of Internal audit queries from date of final report	% of relevant queries rectified within 6 months	New		New		-	80%
RFT	GGPP	Implementation of internal audit recommendations	Confirmation that ad-hoc internal auditing and investigative instructions are finalised and report issued within 30 working days.	New		100%	100%	Met	100%
RFT	GGPP	SDBIP Advert	Place advert in local news media and Internet in terms of section 53(3)(a) of the MFMA	New		New		-	1
RFT	GGPP	Implementation of internal audit recommendations	Confirmation that ad-hoc internal auditing and investigative instructions are finalised and report issued within 30 working days.	New		New		-	100%

Corporate Services							
Director Corporate Services							
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework	4	4	4	4
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of queries rectified within 6 months	New		80%	80%
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New		100%	100%
ASRT	MTID	Submission of Annual Report information	Departmental Report submitted by due date	New		1	1
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0
ASRT	MTID	Assignments from municipal manager	Assignment implemented within required timeframes	New		100%	100%
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		100%	100%
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		80.00%	86.67%
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		80.00%	86.67%
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	4
ASRT	MFVM	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	100%
ASRT	MTID	Development of human resources	Guidance and support provided to staff	New		5	0

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			measured by complaints by staff						
ASRT	MTID	Skills Development	# of targeted individuals trained	New		100%	100%	Met	10%
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		95%	95%	Met	-
AFST	MFVM	Category deviations	Variations per category in excess of 10% should be explained	New		10%	5%	Met	-
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New		100.00%	95.67%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New		100.00%	89.67%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New		100.00%	65.75%	Not Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New		100%	100%	Met	-
RFT	MTID	Program Office Equipment	% of project/phase completed	New		100%	100%	Met	100%
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 10 working days	New		New		-	90
SRT	MTID	Skills Development plan	Skills Development plan reviewed and submit to Council by end June	New		New		-	1
CCT	GGPP	Effective communication with communities	Development or review of communication policy	New		New		-	0
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end	New		New		-	12
SRT	MTID	Liaison with staff	# of Meetings with staff in directorate per month	New		New		-	12
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - operational (CDW's)	% of total conditional operational grants spent	New		New		-	100%
RFT	GGPP	Effective functioning of committee system	No of sec 80 committee meetings per committee per annum	New		New		-	37
RFT	GGPP	Effective functioning of council	No of council meetings	New		New		-	4
RFT	GGPP	Creation of effective capacity	% Vacancy level as % of approved organogram	New		New		-	90%
RFT	GGPP	Reaching of employment equity targets	% of targets reached	New		New		-	70%
RFT	MTID	Effective and up to date HR policies	Revision of all HR policies annually by March	New		New		-	0
RFT	MTID	Targeted skills development	% Implementation of skills development plan	New		New		-	80
RFT	MTID	Targeted skills development	The percentage of budget spent on implementing its workplace skills plan	New		New		-	0

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
SRT	GGPP	Institutional Performance management system in place	Individual performance management system implemented up to the lowest level (Level 7 (Old) 11(TASK))	New		New		-	30%
Committee Services									
RFT	GGPP	Timely compilation and distribution of Agendas for all Committee Meetings	% agendas distributed within 48 hours prior to meetings	100%	100%	95.00%	98.58%	Met	95%
RFT	GGPP	Timely compilation and distribution of Agendas for all Council Meetings	% Agendas distributed within 3 days prior to meetings	100%	100%	95.00%	98.58%	Met	95%
RFT	GGPP	Verbal complaints received by the Councillors are attended to	Attend to complaints: % within 3 days	New		95%	97%	Met	95%
ASRT	MTID	Labour relations	Provision of LLF support service with regard to compilation and distribution of agendas and minutes	New		100%	100%	Met	100%
RFT	GGPP	Attend to all councillor queries regarding HR matters	Attend to queries: % within 3 days	New		95%	98%	Met	95%
RFT	GGPP	Distribution of council resolution list	Updating and distribution of list with council resolutions	New		8	8	Met	Bi-monthly
RFT	GGPP	All Council Resolutions to be delivered to different Directorates within 5 days	% resolutions delivered within 5 days	New		95%	98%	Met	95%
RFT	GGPP	Effective functioning of council	No of council meetings	New		New		-	4
RFT	GGPP	Effective functioning of committee system	No of sec 80 committee meetings per committee per annum	New		New		-	37
Legal Services									
ASRT	MTID	Policies	Management of Policy register	100%	100%	100%	100%	Met	100%
RFT	GGPP	Ensure that 20% (4)of the existing Bylaws are submitted to the Provincial Legislature for Promulgation	Review of current approved by-laws	4	4	2	3	Met	4
RFT	GGPP	Outsourced legal services	Monitoring of outsourced legal cases in R.000	New		R 500,000	R 475,071	Met	R 493,000
RFT	GGPP	Municipality complying with all relevant legislation	% compliance with compulsory legislation	New		New		-	70%
Human Resources									
RFT	MTID	Design and implementation of the Employment Equity Plan	Employment Equity Plan submitted to Council	1	2	100%	100%	Met	1
ASRT	MTID	Percentage of skills development levy claimed back from skills development fund	Total rand value of levy claimed back as a percentage of total levy paid to Skills Development Fund	70%	48%	17%	48%	Met	40%
ASRT	MTID	Number of functionally illiterate staff attending literacy programme	Total number of attendees on literacy program divided by total number of staff identified as functionally illiterate	33	27	30	63	Met	-
ASRT	MTID	Average speed of recruitment from advert to offer letter	Number of days between offer letter sent to accepted candidates and from dates of adverts first appeared in appropriate documents (Excluding section 57 appointments)	90	72	90	19	Met	90
ASRT	MTID	Design and Implementation of the Occupational Health and Safety Plan	Occupational Health and Safety Plan adopted by Council	1	1	1	1	Met	1
ASRT	MTID	Continuous safety risk assessment	Presentation to relevant committee of agreed full health and safety risk	12	7	11	11	Met	10

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			assessment for all areas of Municipality activities						
ASRT	MTID	Disciplinary actions to be completed within 40 days	% Disciplinary actions completed within 40 days (from issuing of charge sheets to sanction) for all cases handled internally	New		95%	96%	Met	95%
ASRT	MTID	Disciplinary actions to be completed within 60 days	% Disciplinary actions completed within 60 days (from issuing of charge sheets to sanction) for all cases handled externally	New		95%	98%	Met	95%
ASRT	MTID	Submission of skills development plan	Submission by 30 June each year	New		33%	100%	Met	100%
ASRT	MTID	Submission of Quarterly Training report to LGSETA	4 reports p.a.	New		1	2	Met	3 reports
ASRT	MTID	Induction of new employees	%: Newly employed inducted	New		80.00%	91.67%	Met	80%
RFT	GGPP	Creation of effective capacity	% Vacancy level as % of approved organogram within budget	New		New		-	90% of budgeted vacancies
SRT	MTID	Effective labour relations	No of meetings of the LLF	New		New		-	12
RFT	GGPP	Institutional Performance management system in place	Individual performance management system implemented up to the level 7 - phase 1	New		New		-	30%
RFT	GGPP	Reaching of employment equity targets	% of targets reached	New		New		-	70%
RFT	GGPP	Reporting on the Employment Equity targets	Reports send to directors on the Employment Equity targets	New		New		-	4
RFT	MTID	Effective and up to date HR policies	Revision of all HR policies annually by March	New		New		-	100%
RFT	MTID	Targeted skills development (Budget)	The percentage of budget spent on implementing its workplace skills plan	New		New		-	100%
RFT	MTID	Targeted skills development (Implementation)	% Implementation of skills development plan within budget and availability of staff	New		New		-	80%
Records, Contracts and Insurance Claims									
ASRT	MTID	Maintenance of Contract Management	Maintain and monitor all contracts captured on collaborator system	100%	100%	100%	100%	Met	100%
RFT	BSD	Management of municipal property data	Maintenance of municipal property data files (title deeds, etc)	New		100.00%	95.83%	Almost Met	100%
ASRT	MTID	Maintained archive system -File Plan, Disposal, Transfer, Destruction &records other than correspondence files	Maintaining of effective archive system	New		100%	100%	Met	100%
ASRT	MTID	Maintained lease agreements for municipal buildings and land	Maintenance of all lease agreements for all municipal property and land	New		100.00%	94.58%	Almost Met	100%
ASRT	MTID	Staff accommodation policy	Submitting of staff accommodation policy to committees	New		100%	100%	Met	100%
ASRT	MTID	Staff accommodation policy	Submitting of staff accommodation policy to council for approval	New		100%	100%	Met	100%
ASRT	MTID	Record management policy	Submitting of record management policy to committees	New		100%	100%	Met	100%
RFT	GGPP	Compliance with Access to Information Act	Updating of Section 14 Manual	New		100%	100%	Met	100%
RFT	GGPP	Compliance with Access to Information Act	Submission of Section 32 Reports and Section 15 Report	New		100%	100%	Met	100%
RFT	GGPP	Dealt with all requests within 30 working days by the Deputy Information Officer	Dealt with requests. Request information. Submit information to requester within	New		100%	100%	Met	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			30 working days.						
ASRT	MTID	Record management policy	Submitting of record management policy to council for approval	New		100%	100%	Met	100%
Public Participation									
RFT	GGPP	Timely compilation and distribution of agendas for all Ward committee meetings	% distributed 3 days before meeting	100%	100%	95.00%	33.75%	Not Met	32
RFT	GGPP	Ward Meetings	Meetings held	32	18	54	14	Not Met	32
RFT	GGPP	Administrative support to ward committees	Minutes prepared and distributed 7 days before meeting	32%	18%	100%	69%	Almost Met	4
RFT	GGPP	Distribution of ward committee resolutions	% of resolutions distributed	100%	100%	100.00%	87.50%	Almost Met	4
RFT	GGPP	Support and coordination of CDW's	Support and co-ordinate the work of the CDW's	New		100%	100%	Met	100%
AAST	LED	Ensure effective community liaison work	Monthly reports by CDW's	New		1	1	Met	12
AAST	LED	Public participation events	Planning and co-ordination of all Public Participation events	New		100%	100%	Met	100%
AAST	LED	Ward newsletter	Development and distribution of quarterly ward newsletter	New		1	1	Met	Quarterly
AAST	LED	Ensure the participation of Knysna woman in national activities	Commemoration of the Woman's Day	New		1	1	Met	-
Administration									
RFT	MTID	Timely compilation and distribution of Minutes of all committee meetings, except council committees	% Minutes distributed within 5 working days after meetings	100%	100%	95%	98%	Met	100%
RFT	GGPP	Timely compilation and distribution of Agendas of all committee meetings, except council committees	% Agendas distributed within 3 days prior to meetings	100%	100%	95%	98%	Met	95%
ASRT	MTID	Telephone usage policy	Submitting of Telephone usage policy to committees	New		100%	100%	Met	100%
RFT	GGPP	Co-ordination of Correspondence management, Decision management and Burial management processes	No of Collaborator reports issued to the directorates	New		New		-	28
RFT	GGPP	Distribution of incoming mail	Distribution of incoming mail within 48 hours	New		New		-	48
RFT	GGPP	Management of the capital and operational budget for Council and General	% of budget spent within the year	New		New		-	95%
RFT	GGPP	Management of the capital budget (office furniture and computer equipment) for Corporate Services	% of budget spent within the year	New		New		-	95%
RFT	GGPP	Management of the operational budget for Corporate Services	% of budget spent within the year	New		New		-	95%
RFT	GGPP	Management of the telephone system	Report on monthly basis on the telephone expenses per directorates	New		New		-	12
RFT	GGPP	Section 79 reports (Audit Committee)	No of Section 79 reports submitted bi-monthly	New		New		-	4
RFT	MTID	Timely compilation and distribution of Minutes for the Oversight committee meetings, except council committees	% Minutes distributed within 5 working days after meetings	New		New		-	100%
Financial Services									
Director Financial Services									
AFST	MFVM	Closure of books and compilation of financial	Completion of financial statements and	1	1	1	1	Met	1

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		statements	formal submission to the Auditor General by 31 August						
ASRT	MTID	Compilation of an Annual Report in line with legislation and National Treasury MFMA Circular 11	Submission of Annual Report information	New		1	1	Met	1
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	12
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of relevant queries rectified within 6 months	New		80%	100%	Met	80%
AFST	MFVM	Management of external audit queries	No of relevant audit queries completed within 30 days	New		100%	100%	Met	100%
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0	Met	0
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		100%	100%	Met	-
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		80%	100%	Met	12
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		80%	100%	Met	12
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	4	Met	4 meetings
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	100%	Met	100%
ASRT	MTID	Development of human resources	Guidance and support provided to staff measured by complaints by staff	New		250	2	Met	-
ASRT	MTID	Skills Development	# of targeted individuals trained	New		100%	100%	Met	-
ASRT	MTID	Attend to all incoming documents, post, etc within 25 working days	% within 25 working days	New		95%	95%	Met	-
AFST	MFVM	Category deviations	Variations per category in excess of 10% should be explained	New		10%	5%	Met	10%
AFST	MFVM	Sponsorships	Report to NT any sponsorship promised to or by the Municipality MFMA regulation48(a)&(b)	New		1	1	Met	Annual
GC	MFVM	Capacitating non-financial managers	Workshop with Councillors and Senior Officials in regards to the Annual Financial Statements outcomes and current/future changes to operational functions	New		1	0	Not Met	-
GC	MFVM	Capacitating non-financial managers	Establish/create the Budget Steering Committee as per the budget regulations	New		1	1	Met	-
GC	MFVM	Capacitating non-financial managers	Workshop with Councillors and Senior Officials in regards to the introduction, review and implementation of financial policies	New		1	1	Met	-
RFT	MTID	Program Office Furniture	% of project/phase completed	New		100%	100%	Met	100%
FST	MFVM	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
FST	GGPP	Approval of adjustments budget	Approval of adjustments budget before legislative deadline	New		New		-	100%
FST	GGPP	Approval of Main budget	Completion of draft Operating and Capital Budget and formal submission to	New		New		-	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			Council by 31 May						
FST	MFVM	Asset management	Maintained asset register	New		New		-	100%
FST	MFVM	Long Term Financial Plan	Develop long term financial plan for submission to Council	New		New		-	100%
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 12 working days after month end send to Manager: IT	New		New		-	12
SRT	MFVM	Percentage of property valuations disputed	% disputed	New		New		-	6%
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 10 working days	New		New		-	90%
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
Income									
AFST	MFVM	Valuation Roll	Undertaking of Interim Valuations	2	2	1	1	Met	-
AFST	MFVM	Valuation reconciliations	Annual / Monthly reconciliation.	12	9	12	8	Not Met	12
AFST	MFVM	Meter reading Adjustments	Number of transactions processed as a result of incorrect meter readings.	210	160	210	256	Not Met	210
AFST	MFVM	Approval of Monthly Meter Reading Exception Report	Signing off of the monthly meter reading exception report within 3 working days of the month end.	12	12	12	12	Met	12
AFST	MFVM	Estimated Meters	Percentage of meter readings allowed to be estimated annually.	5%	10%	5%	4%	Met	5%
AFST	MFVM	Debt coverage ratio Operational income received divided by debt service payments	(interest and repayments) due in the financial year	6.5:1	9.0:1	12.0:1	14.6:1	Met	-
AFST	MFVM	Cost of revenue collection	Total cost of revenue collection divided by total revenue collected.	6%	3%	3%	2%	Met	-
AFST	MFVM	Indigents households benefiting from free basic services	Percentage known to the municipality that earn less than R2,500 per month and that have access to free basic services	100%	100%	100%	100%	Met	-
AFST	MFVM	Monthly monitoring of Councillors and Officials Billing Accounts	Number	40	69	0	69	Not Met	-
AFST	MFVM	Monthly monitoring of Councillors and Officials Billing Accounts	Officials arrears greater than 90 Days	200	346	R 0.00	R 362,494	Not Met	-
AFST	MFVM	Monthly monitoring of Councillors and Officials Billing Accounts	Number	0	3	0	3	Not Met	-
AFST	MFVM	Monthly monitoring of Councillors and Officials Billing Accounts	Councillor arrears greater than 90 Days	0	11	R 0.00	R 3,306	Not Met	-
AFST	MFVM	Outstanding service debtors to revenue (All Services Excl Rates, Housing)	Total outstanding service debtors divided by annual revenue actually received for services	19%	21%	19%	21%	Met	19%
AFST	MFVM	Outstanding service debtors to revenue (Water & Electricity - only)	Total outstanding service debtors divided by annual revenue actually received for	15%	15%	15%	16%	Not Met	15%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			services (including Prepaid)						
AFST	MFVM	Reduced debtors	To maintain and improve the current payment levels of Debtors in real terms	New		R 242,000,000	R 287,806,392	Met	-
AFST	MFVM	Indigents households benefiting from free basic services	Quarterly reviews	New		4	4	Met	-
AFST	MFVM	Monthly Rates Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	New		12	10	Almost Met	-
RFT	BSD	Sewer Rebate	Quantity (number of households affected) receiving sewer rebate	New		2000	1322	Met	1500
RFT	BSD	Sewer Rebate	Quantum (value to each household)	New		R 661	R 661	Met	R 51.92 per month
AFST	MFVM	Water Rebate	Quantity (number of households affected) receiving water rebate	New		2000	1142	Met	1142
RFT	BSD	Water Rebate	Quantum (value to each household)	New		R 1,322	R 1,322	Met	R 111.17 per month
FST	BSD	Quantum of free basic refuse received	R value per month per household	New		New		-	R 53.75 per month
FST	MFVM	% maintain payment levels: Cash receipts % of Ratepayer & Other revenue (SA10)	Payment levels current year accrued income versus actual income	New		New		-	94%
FST	MFVM	Income reconciliations	Annual / Monthly income related reconciliations.	New		New		-	12
FST	MFVM	Updated indigent register for the provision of free basic services	Updated indigent register by end July Annually	New		New		-	1
Information Technology									
AFST	MFVM	Compliance with Sec 75 of the MFMA	Ensure all documents submitted to the IT Department are placed on website i.t.o Sec 75 of the MFMA.	100%	100%	100%	100%	Met	-
AFST	MFVM	Information Technology Queries	Percentage of queries dealt within one week	100%	100%	92.50%	84.08%	Almost Met	90%
AFST	MFVM	Back-up of all systems and databases	Daily, Weekly and monthly back-up	New		100.00%	95.83%	Almost Met	100%
AFST	MFVM	Network support services: extent of network	No. of staff on network	New		98.00%	98.67%	Met	-
AFST	MFVM	Ensure a virus free environment	Viruses Reported attended to	New		100%	100%	Met	90%
AFST	MFVM	Attending to hardware, software and network problems (PC's & Mainframes)	% of problems solved within 2 working days	New		90.00%	90.50%	Met	90%
RFT	MTID	IT policy implemented	Implement and monitor the correct and proper usage of Councils computer systems in line with the approved IT policy	New		1	1	Met	4
RFT	MTID	Reduced audit qualifications in audit report	Identify procedures, systems and resources to address IT related audit qualifications	New		0	8	Met	0%
RFT	MTID	5 Year IT Plan drafted	Draft a 5 year IT plan in line with Council vision and budget constraints	New		1	1	Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
Expenditure									
AFST	MFVM	Monthly Salary Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	12	12	12	11	Almost Met	12
AFST	MFVM	Monthly Expenditure Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	12	12	12	12	Met	12
AFST	MFVM	Inventory	Annual stock take 30 June [100% stock take].	1	1	1	1	Met	1
AFST	MFVM	Monthly Stores Reconciliations	In terms of section 65 2 (j) of the MFMA "that all financial accounts of the municipality are closed at the end of each month and reconciled with its records"	100%	100%	12	12	Met	12
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	100%	100%	100.00%	91.50%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	100%	100%	100%	100%	Met	100%
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	100%	100%	100%	100%	Met	100%
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	100%	100%	100%	100%	Met	100%
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	100%	100%	100%	100%	Met	100%
AFST	MFVM	Banking Details	Submit Annually Banking Details to PT and AG Sections 9(b) and 13(3)(a)(i)&(ii) of MFMA	New		1	3	Met	1
AFST	MFVM	Monthly submission of SCM information to NT & PT	To be completed for each contract awarded above R100 000 and submitted within 15 days of the end of each month	New		12	12	Met	12
AFST	MFVM	Creditor Payments	That all creditors are paid within 30 days of receiving statement.	New		100%	100%	Met	90%
AFST	MFVM	Delayed and Default Payments	Council has NOT delayed payment on any loan, statutory payments or any other default of a material nature	New		0	0	Met	0%
AFST	MFVM	Write Off Redundant Inventory	Write down damaged /old and other stocks.	New		2	1	Not Met	1
AFST	MFVM	Website	List of Contracts which have Future Budgetary Implications Section 75(1)(i) of MFMA	New		12	0	Not Met	4
AFST	MFVM	Website	All Service Delivery Agreements Section 75(1)(e) of MFMA	New		12	6	Not Met	12
AFST	MFVM	Website	All Supply Chain Management Contracts	New		12	6	Not Met	12

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			Section 75(1)(g) of MFMA						
AFST	MFVM	SCM Policy	Review the implementation of Policy and submit amendments to Council SCM Regulation 3(1)(b)&(c)	New		1	0	Not Met	1
AFST	MFVM	SCM Tenders/RFQ's Awarded	Report to Accounting Officer particulars of Tenders and RQ's > R2,000 awarded MFMA Regulation 5(3)(a)(b)&(c).	New		12	6	Not Met	12
AFST	MFVM	SCM Implementation	Submit report to Council on the implementation of SCM MFMA Regulation 6(a)(i)&(ii).	New		1	3	Met	1
AFST	MFVM	Website / Advertisement	Make public that goods and service is procured other than through the procurement process (Eskom, DWAF) MFMA Regulation 11(2)(a)&(b)	New		1	1	Met	1
AFST	MFVM	Invite prospective providers of goods and services	Invite to register on the Data base MFMA Regulation 14(1)(a)(ii) &14(2).	New		1	1	Met	1
AFST	MFVM	Deviations	Report to Council on Deviations of Procurement Processes MFMA regulation 36(2)	New		12	2	Not Met	12
AFST	MFVM	Unsolicited bids	Advertise and Report on unsolicited bids MFMA Regulation 37(3)&(4)	New		0	0	Met	Monthly
AFST	MFVM	Abuse of SCM system	Report to NT and SAP of fraudulent or criminal conduct MFMA Regulation38(1)(b)(ii)&(e)&(f)	New		0	0	Met	Monthly
FST	MFVM	Effective SCM system	No of successful appeals related to the directorate	New		New		-	0
FST	MFVM	Expenditure Reconciliations	Annual / Monthly expenditure related reconciliations.	New		New		-	12
FST	MFVM	Staff Benefits Expenditure	Monthly reporting to Council Section 66(a) to(g) of MFMA	New		New		-	12
SRT	LED	Procurement practices	All staff informed of SCM policy and processes	New		New		-	1
SRT	LED	Procurement practices	Ensure empowerment is applied consistently for tenders and contracts	New		New		-	1
SRT	LED	Procurement practices	Oversight exercised in awarding of tenders and contracts	New		New		-	1
Budget Office									
AFST	MFVM	Cash flow management	The number of months in which overdraft facility is utilised at month end	0	0	0	0	Met	0
AFST	MFVM	Cost coverage [Section 71 Report]	All available cash and investments divided by the monthly fixed operational expenses	2.5:1	2.1:2	2.5:1	0.86:1	Not Met	1.1:1
AFST	MFVM	Debt coverage ratio Operational income received divided by debt service payments	Surplus / Deficit	1:1	1:1	1.19:1	1.26:1	Met	-
AFST	MFVM	Monthly Debit Raising	Monthly Debit raising by the 9th of each month.	12	12	12	12	Met	9
AFST	MFVM	Annual Debit Raising	Annual Debit raised by 30 July.	1	1	1	1	Met	1
AFST	MFVM	Financial Data Base Management	Monthly financial system backups off site, General Ledger, Creditors, Salaries,	12	12	1	1	Met	12

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		Income, etc							
AFST	MFVM	Debit raising and month-end procedures	Monthly procedures as per schedule	12	12	100%	100%	Met	-
AFST	MFVM	Asset Register	Asset Register Balanced and reconciled to Financial Statements	1	1	1	1	Met	1
ASRT	MTID	Timeous submission of claims to insurers	80% of all claims submitted within one week	80%	80%	80.00%	81.42%	Met	80%
AFST	MFVM	Bank Withdrawals	Submit Report to Council, NT & AG Section 11(4)(a)&(b)	4	4	1	1	Met	4
AFST	MFVM	Medium Term Revenue and Expenditure Framework Budget	Completion of draft Operating and Capital Budget and formal approval by Council by 31 May	1	1	1	1	Met	-
AFST	MFVM	Budget Processes aligned with IDP processes	Budget Process plan aligned and submitted	New		1	1	Met	60%
AFST	MFVM	Compilation of Adjustment Budget	Completion of Draft Budget within the required timeframe	New		100%	100%	Met	1
AFST	MFVM	Monthly monitoring reports to Mayor	Present to Mayor - budget monitoring report compliant with MFMA S71 (10 working days after the end of each month)	New		1	1	Met	-
AFST	MFVM	Tariff Review	Examine all tariffs that could sustain future budgets adhering to time elements of Act 12 2007 (No. 12 of 2007: Municipal Fiscal Powers and Functions Act, 2007.[MFPFA])	New		1	1	Met	1
AFST	MFVM	Budget Related Policies	Approval by Council of Budget Related Policies	New		1	2	Met	-
AFST	MFVM	Annual Asset Count	Annual Asset count reconciled and reported to Municipal Manager	New		1	1	Met	1
AFST	MFVM	Website	Information Statement List of Assets disposed of during previous quarter Section 75(1)(h) of MFMA	New		1	1	Met	4
AFST	MFVM	Financial System: Updating of daily transactions	Daily updates as per schedule	New		100%	100%	Met	-
AFST	MFVM	Staff Benefits Expenditure	Monthly reporting to Council Section 66(a) to(g) of MFMA	New		1	1	Met	-
ASRT	MTID	Insurance Portfolio	Ensure adequate insurance coverage of Councils Assets and review of Councils Insurance portfolio	New		100	100	Met	100%
FST	MFVM	Financial Viability - Debt coverage	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	New		New		-	17.2:1
FST	MFVM	MBRR Report	Monthly reporting in terms of the Municipal Budget and Reporting Regulations (MBRR)	New		New		-	Monthly reports

Strategic Services

Director Strategic Services

RFT	BSD	Eastern Corridor Upgrade(NDPG)	% of project/phase completed	New		100%	0%	Not Met	-
RFT	BSD	Northern Corridor Upgrade(NDPG)	% of project/phase completed	New		100%	0%	Not Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
RFT	MTID	Program Office Equipment	% of project/phase completed	New	100%	100%	Met	100%	
AAST	BSD	2010 Loerie Park Lights	% of project/phase completed	New	100%	100%	Met	-	
AAST	BSD	2010 Loerie Park Other	% of project/phase completed	New	100%	100%	Met	-	
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New	100%	50%	Not Met	-	
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of queries rectified within 6 months	New	80%	100%	Met	80%	
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New	100%	100%	Met	100%	
ASRT	MTID	Submission of Annual Report information in accordance with the Requirements of s127 of the MFMA	Departmental Report submitted by due date	New	1	1	Met	1	
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New	0	0	Met	0%	
ASRT	MTID	Assignments from municipal manager	Assignment implemented within required timeframes	New	100.00%	33.33%	Not Met	100%	
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New	100%	100%	Met	-	
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New	80.00%	43.33%	Not Met	80%	
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New	80%	45%	Not Met	80%	
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New	4	2	Not Met	100%	
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New	100.00%	33.33%	Not Met	0	
ASRT	MTID	Development of human resources	Guidance and support provided to staff measured by complaints by staff	New	100	0	Met	-	
ASRT	MTID	Skills Development	# of targeted individuals trained	New	100%	27%	Not Met	100%	
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework	New	4	1	Not Met	4	
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New	95.00%	47.50%	Not Met	90	
AFST	MFVM	Category deviations	Variations per category in excess of 10% should be explained	New	10%	0%	Not Met	-	
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New	100%	100%	Met	-	
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New	100%	98%	Almost Met	-	
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New	100%	100%	Met	-	
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New	100%	80%	Almost Met	-	
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New	100.00%	94.50%	Almost Met	-	
ASRT	LED	SMME Development	All staff informed of SCM policy and processes	New	100%	50%	Not Met	-	
ASRT	LED	SMME Development	Oversight exercised in awarding of tenders and contracts	New	100%	0%	Not Met	-	

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
ASRT	LED	SMME Development	Ensure empowerment is applied consistently for tenders and contracts	New		100%	0%	Not Met	-
FST	MFVM	Improvement in conditional grant spending - capital	% of total conditional capital grants spent	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
RFT	GGPP	IDP endorsed by all wards	No of ward committees endorsing IDP	New		New		-	10
AST	LED	Reviewed LED strategy	Review and submit LED strategy	New		New		-	1
RFT	GGPP	Reviewed IDP	IDP reviewed by March Annually	New		New		-	1
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end	New		New		-	12
RFT	GGPP	Number of Sport Forum meetings	Tightening of the institutional set up for effective liaison on sport and cultural issues	New		New		-	6
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
Local Economic Development									
AAST	LED	Performance of Knysna Tourism	Quarterly reports submitted to Council by Knysna Tourism	4	4	4	2	Not Met	4
AAST	LED	Facilitate the development of tourism entrepreneurs with a particular focus on the disadvantaged	Number of new Tourism Entrepreneurs	3	3	3	0	Not Met	3
AAST	LED	Market Knysna as a Tourism Organisation	% Performance Indicators that Knysna Tourism Organisation meets	100%	0%	100%	0%	Not Met	100%
AAST	LED	Create an enabling environment for Tourism Growth through investment in additional tourism	Number of Proposals Submitted	1	1	2	2	Met	1
AAST	LED	Develop partnership proposals for potential economic development projects	Number of partnership proposals developed and submitted	2	2	1	5	Met	2
AAST	LED	Provision of an incubation facility for SMMEs	Number of SMMEs established	6	14	6	4	Not Met	6
AAST	LED	Ensure that a significant number of youth and woman receive relevant training	Number of woman trained	60	182	60	40	Not Met	60
AAST	LED	Ensure that a significant number of youth and woman receive relevant training	Number of youth trained	60	230	60	33	Not Met	60
AAST	LED	Facilitate woman and youth entrepreneur development by establishing new entrepreneurs	Number of new youth entrepreneurs	3	13	3	2	Not Met	3
AAST	LED	Facilitate woman and youth entrepreneur development by establishing new entrepreneurs	Number of new woman and youth entrepreneurs	3	7	3	14	Met	3
AAST	LED	Reviewed LED strategy	Review and submit LED strategy	1	0	1	0	Not Met	-
AAST	LED	Facilitate the commercialization of the existing agriculture projects, by facilitating access to markets	Number of Commercial Proposals	1	2	1	0	Not Met	1
RFT	GGPP	Provision of adequate facilities for cultural promotion with specific focus on its economic benefits	Number of funding proposals submitted to external funding institutions	New		2	1	Not Met	2
RFT	GGPP	Identify, facilitate and mobilize resources for sport	Number of funding proposals submitted	New		2	1	Not Met	2

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		development initiatives	to external funding institutions						
AAST	LED	Extend conceptualized framework for the Neighborhood Revitalisation Programme to other arrears	No of Areas	New		1	0	Not Met	1
AAST	LED	Establish an agent for the implementation of NRP initiatives	Provide annual Report	New		1	0	Not Met	1
RFT	LED	% procurement (excl, bulk purchases, loans, salaries, deposits, etc) spend on procuring local SMMEs and BEEs	% procurement	New		New		-	30%
RFT	LED	Alignment of the SDF with the LED policy to promote economic development	IDP, SDF and Sectoral plans aligned	New		New		-	100%
RFT	LED	Approval and implementation AGRO Processing study	% progress in implementing Plan	New		New		-	100%
Recreational Facilities: Sport									
RFT	GGPP	Design an operational framework for sport & cultural development in Knysna	Reviewed Sport Development Plan adopted by Council	1	1	1	0	Not Met	1
RFT	GGPP	Tightening of the institutional set up for effective liaison on sport and cultural issues	Number of Sport Forum meetings	6	10	1	8	Met	-
Integrated Development Plan									
RFT	GGPP	Oversight report adopted by 31 March	Report in accordance with the Requirements of s129 of the MFMA	1	0	1	1	Met	1
RFT	GGPP	IDP Reviewed	5 year IDP reviewed in accordance with section 34a of the MSA no 32 of 2000 and Hermanus Declaration of 10-11 March 2005	1	1	1	0	Not Met	-
RFT	GGPP	Annual report adopted	Report in accordance with the Requirements of s127 of the MFMA	1	1	1	1	Met	1
RFT	GGPP	Reporting of the 2008/09 performance	Compilation of Annual Report	New		1	1	Met	1
RFT	GGPP	IDP review	Sending of copies to all applicable provincial and national departments	New		100%	0%	Not Met	100%
RFT	GGPP	IDP review	Approval of final IDP	New		100%	100%	Met	1
RFT	GGPP	IDP review	Approval of draft IDP	New		100%	0%	Not Met	1
RFT	GGPP	IDP review	Project planning for 2010/11	New		100%	0%	Not Met	100%
RFT	GGPP	Community Empowerment	No of actual meetings (with vulnerable groups, and Public meetings)	New		23	17	Not Met	11
RFT	GGPP	Departmental Annual Plan	Inclusion of Strategy output in departmental Annual Plan	New		100%	0%	Not Met	100%
RFT	GGPP	Engagements with communities	Representation of Department at engagements with communities	New		100%	25%	Not Met	100%
RFT	GGPP	Number of public consultation meetings held for the new IDP / Knysna 2020 initiative / and Budget	Advertise public consultation meetings held in connection with drafting the new IDP / Knysna 2020 initiative / and Budget	New		8	12	Met	13
RFT	GGPP	Integrated Development Plan	Integrated Development Plan approved by 31 May Annually	New		1	1	Met	1
RFT	GGPP	Target setting	Concept Targets submitted by 30 March	New		1	0	Not Met	1
ASRT	MTID	Annual Review of Targets	Annual Targets logged against KPI's and referred to IDP for coming financial year by 31 June	New		1	0	Not Met	1

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
ASRT	MTID	IDP Review: KPI's	KPI's referred to all Directors / MM for review	New		1	0	Not Met	1
Community Services									
Director Community Services									
ASRT	BSD	Mayoral project Rheenendal bldg	% of project/phase completed	New		100%	100%	Met	-
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	100%
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of queries rectified within 6 months	New		320%	440%	Met	80%
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New		100%	50%	Not Met	100
ASRT	MTID	Submission of Annual Report information	Departmental Report submitted by due date	New		1	1	Met	1
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0	Met	-
ASRT	MTID	Assignments from municipal manager	Assignment implemented within required timeframes	New		100.00%	96.67%	Almost Met	100%
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		100%	100%	Met	-
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		80.00%	76.67%	Almost Met	12
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		80%	85%	Met	12
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	4	Met	100%
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	95%	Almost Met	100%
ASRT	MTID	Development of human resources	Guidance and support provided to staff measured by complaints by staff	New		250	50	Met	-
ASRT	MTID	Skills Development	# of targeted individuals trained	New		200%	200%	Met	-
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework	New		1	1	Almost Met	4
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		95.00%	89.58%	Almost Met	-
AFST	MFVM	Category deviations	Variations per category in excess of 10% should be explained	New		10%	8%	Met	-
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New		100%	100%	Met	0%
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New		100.00%	99.67%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New		100%	96%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New		100.00%	82.08%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New		100%	100%	Met	-
RFT	GGPP	Review a comprehensive HIV/AIDS Strategy	Maintain and Monitor HIV/AIDS Strategy	New		1	1	Met	1

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		adopted by Council							
RFT	GGPP	Engage in Community Awareness Initiative	Number funding proposals for awareness programmes	New		1	1	Met	2
AAST	LED	Provide adequate institutional mechanisms for youth and gender development	Number of meetings for the Youth Forum	New		2	3	Met	6
AAST	LED	Provide adequate institutional mechanisms for youth and gender development	Number of meetings for the Gender Forum	New		2	1	Not Met	-
AAST	LED	Ensure the participation of Knysna youth in national activities	Commemoration of Youth Day	New		1	0	Not Met	1
RFT	MTID	Program Computer Equipment	% of project/phase completed	New		100%	100%	Met	100%
RFT	MTID	Program Office Furniture	% of project/phase completed	New		100%	100%	Met	100%
RFT	BSD	Maintenance of grave yards	% of maintenance budget of grave yards spent	New		New		-	95%
RFT	BSD	Maintenance of grave yards	Development and implementation of maintenance plan for grave yards	New		New		-	100%
RFT	BSD	Maintenance of halls and facilities	Development and implementation of maintenance plan for halls and facilities	New		New		-	100%
RFT	BSD	Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent	New		New		-	95%
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end	New		New		-	12
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - capital	% of total conditional capital grants spent subject to approvals	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
SRT	MTID	Development of human resources	Grievance procedures addressed within 10 working days	New		New		-	100%
SRT	MTID	Skills Development	% of targeted individuals trained per training requirements identified by director	New		New		-	90%
AST	LED	Ensure the participation of Knysna woman in national activities	Commemoration of the Woman's Day	New		New		-	1
AST	LED	Provide adequate institutional mechanisms for youth and gender development	Establishment of a Gender Forum	New		New		-	0
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 10 working days	New		New		-	90%
TPF	BSD	Effective fire brigade service	% of Fire Brigade service that meets agreed standards	New		New		-	100%
RFT	BSD	Maintenance of recreational areas	% of maintenance budget of recreational areas spent	New		New		-	95%
RFT	BSD	Maintenance of recreational areas	Development and implementation of	New		New		-	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			maintenance plan for recreational areas						
AST	BSD	Provision & Maintenance of sport facilities	No of wards without maintained sport facilities	New		New		-	0
FST	BSD	No of HH receiving free basic refuse removal	No of HH	New		New		-	1573
RFT	BSD	Promoting Council's Waste Minimisation- and Recycling Strategy	% improvement	New		New		-	0%
BSD	BSD	Effective capital spending	% spent of approved waste management capital projects	New		New		-	95%
BSD	BSD	Maintenance of refuse removal assets	% of approved maintenance plan executed	New		New		-	95%
BSD	BSD	Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	New		New		-	95%
Library									
TPF	BSD	3,900 new library members formally registered and using the library	Total number of new members	3,456	5,253	3900	3765	Almost Met	-
TPF	BSD	380,000 Catalogue library items issued	Total number of items issued	380,000	393,922	380000	421042	Met	380000
TPF	BSD	25,000 Study Material issued	Total number of study items issued	25,000	19,353	25000	21633	Almost Met	-
TPF	BSD	4,400 logged users that have made use of the computer facility	Number of computer users (logged users)	4,140	11,974	4400	13996	Met	-
TPF	BSD	Providing Education Support through Libraries	Number of ABET Beneficiaries in Libraries	120	225	120	248	Met	120
TPF	BSD	Providing Education Support through Libraries	Number of suitcase libraries established	20	148	20	366	Met	10 per month
CCT	BSD	Rheenendal Library Equipment	% of project/phase completed	New		100%	100%	Met	-
TPF	BSD	Town Library Extension (Loan)	% of project/phase completed	New		0%	0%	Met	-
TPF	BSD	Town Library Extension (MIG)	% of project/phase completed	New		100%	10%	Not Met	-
TPF	BSD	Reduction of stock (books videos CDs etc) losses	Value of lost books	New		1500	726	Met	-
TPF	BSD	Library exhibitions held	Exhibitions 120 per year	New		10	21	Met	120
TPF	BSD	Visits of Infants groups to library	Visits 24 per year	New		2	41	Met	-
TPF	BSD	586 workday equivalent created through volunteer initiative in the libraries	Extent of volunteer involvement (days)	New		586	394	Not Met	500
TPF	BSD	Hours utilised by users (registered and non-registered) in the Business Centres	Utilisation of internet facility (hours)	New		3000	42182	Met	-
TPF	BSD	Reduction of stock(books, videos, CD's etc.	Outstanding books recovered	New		1500	708	Met	1%
TPF	BSD	Computer literacy training	Number of persons trained on computer literacy according to the training programme	New		New		-	3 per month
TPF	BSD	Hours utilised by users in the Business Centres	Utilisation of internet facility (hours) (registered and non-registered)	New		New		-	3000
TPF	BSD	Library outreach programmes	# of Library outreach programmes within budget	New		New		-	20
TPF	BSD	Providing Education Support through Libraries	Number of suitcase libraries visits - Old age homes	New		New		-	7 per month
Parks & Recreation									
AAST	BSD	Two play parks created within communities identified in conjunction with NRPs	Number of additional play parks created	2	2	2	1	Not Met	1
AAST	BSD	400 trees maintained and nurtured in nursery	Number of tree stock	400	1370	400	840	Met	400
AAST	BSD	Monthly maintenance of play parks and recreational areas	Number of assessments completed	12	10	12	12	Met	12

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
AAST	BSD	Monthly maintenance cycles for Knysna and Sedgefield	Monthly maintenance cycles for Knysna and Sedgefield	12	11	1	1	Met	12
AAST	BSD	Creation of person days in casual jobs	Number of casual jobs created	200	5702	50	2216	Met	200
AAST	BSD	Maintenance of tree stock in the CBD	Number of trees pruned	6	16	22	137	Met	12
AAST	BSD	100% expenditure on the Alien eradication budget	Amount of budget spent	100%		100%	100%	Met	100%
AAST	BSD	Soccer Goal Posts	% of project/phase completed	New		100%	100%	Met	-
AAST	BSD	100% expenditure on the tree removal budget	Amount of budget spent	New		100%	151%	Met	100%
AAST	BSD	Monthly mowing cycles completed to date	Number of mowing cycles completed	New		12	11	Almost Met	12
AAST	BSD	Improve Sport Infrastructure Karatara(NLB)	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Program Tools & Equipment	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Maintenance of Green open spaces (Schedule) -	Development and review of maintenance schedule for Green open spaces	New		New		-	100%
RFT	BSD	Maintenance of recreational areas (Spent)	% of maintenance budget of recreational areas spent	New		New		-	95%
DWT	BSD	Upgrade of sport facilities	Number of play parks upgraded	New		New		-	1
AST	BSD	Parks & Recreational maintenance plan	Review maintenance plan by end June	New		New		-	1
AST	BSD	Provision & Maintenance of sport facilities	No of wards without maintained sport facilities	New		New		-	0
Cemetery									
AAST	BSD	Borehole Monitor Sites (Roll Over)	% of project/phase completed	New		100%	100%	Met	-
AAST	BSD	New Cemetery Knysna/Sedgefield	% of project/phase completed	New		0%	0%	Met	-
CCT	BSD	Establish new cemetery for Knysna	Identify a site for the new cemetery	New		1	0	Not Met	-
CCT	BSD	Establish new cemetery for Knysna	Environmental Impact Assessment	New		1	0	Not Met	-
RFT	BSD	Complaints - Grave yards	% Complaints attended to within 24 hours	New		New		-	90%
RFT	BSD	Development of new cemetery (Capital Project)	% of project/phase completed (Non monetary indicator)	New		New		-	95%
RFT	BSD	Maintenance of grave yards (Plan)	Review of maintenance plan for grave yards	New		New		-	100%
RFT	BSD	Maintenance of grave yards (Spent)	% of maintenance budget of grave yards spent	New		New		-	95%
Health									
AAST	BSD	Ablution Facility-Taxi Rank (PTF) (Roll Over)	% of project/phase completed	New		100%	100%	Met	
Museum & Heritage Buildings									
AAST	BSD	Visitors to Old Gaol museum	Number of visitors to Old Gaol	6000	8700	6000	6313	Met	-
AAST	BSD	Visitors to Millwood House museum	Number of visitors to Millwood House	4800	3804	4800	4039	Almost Met	-
AAST	BSD	24 events held in the Museums per annum	Total number of events held at museum	24	50	24	43	Met	24
AAST	MTID	Display Cabinets for Exhibition (Roll Over)	% of project/phase completed	New		100%	100%	Met	-
AAST	BSD	Perimeter Fence Old Goal	% of project/phase completed	New		100%	100%	Met	-
AST	BSD	Heritage photographs	% of Digitising of heritage photographs within budget	New		New		-	0
AST	BSD	Museum Brochures	Updating of the brochures per annum within budget	New		New		-	1
AST	BSD	Museum Exhibitions	# of exhibitions established within budget	New		New		-	1
Public Safety									

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
CCT	BSD	127 Preventative measures undertaken by Fire Services, in terms of a pre-determined plan	Total number of preventative initiatives undertaken	127	341	127	458	Met	127
CCT	BSD	2 new Fire prevention breaks created	Number of fire breaks created	2	13	2	10	Met	2
CCT	BSD	Fire department staffed 100% of time	Percentage of hours that the fire department is staffed	100%	100%	100%	100%	Met	100%
CCT	BSD	Ensure response time to call outs is less than norm	Emergency call-outs	13	9	13	8	Met	100% within 13 mins
CCT	BSD	Ensure response time to call outs is less than norm	Standard call-outs	4	4	4	4	Met	100% within 4 Hours
CCT	BSD	A minimum of four Disaster Management Forum meetings per annum	Number of meetings	4	7	4	7	Met	2
CCT	BSD	A minimum of one fire and rescue/ disaster/ emergency exercise per annum	Disaster exercise	1	1	1	1	Met	1
CCT	BSD	The DMP is submitted to Council for review by December	Reviewed DMP	1	1	1	1	Met	1
ASRT	BSD	Decrease in violations	Number of violations	4500	6158	4500	3296	Met	1300
ASRT	BSD	355 Drivers licenses tested per annum by the Traffic Department	Number of driving tests	355	2831	355	1870	Met	1440
ASRT	BSD	725 Vehicles tested at VTC to specifications and complaint with procedure	The total number of roadworthy tests held	725	959	724	560	Almost Met	780
AFST	MFVM	Revenue generated as percentage of operating cost of vehicle licensing section function	The total rand value of revenue collected divided by the operating cost of the vehicle licensing function	153%	161%	131%	140%	Met	-
ASRT	BSD	Decrease in the number of traffic violations	Number of violations recorded	1342	2341	1342	1990	Not Met	-
ASRT	BSD	Increase in number of speeding tickets issued	Number of speeding tickets	6500	17428	6500	6564	Met	-
AFST	MFVM	Public Safety :- Revenue generated as percentage of operating cost of traffic function	The total rand value of traffic violations where tickets were issued divided by the operating cost of the total traffic function	27%	48%	28.50%	44.00%	Met	-
ASRT	BSD	One systems BPR completed by December	BPR report tabled to Management	New		1	1	Met	1
CCT	BSD	Sedgefield: Fire Station	% of project/phase completed	New		52.50%	25.00%	Not Met	-
ASRT	BSD	Fire Prevention inspections and awareness	500 Fire Prevention inspections and awareness	New		125	168	Met	-
ASRT	BSD	Development and implementation of training program for staff	Develop and implement training program for staff	New		30	31	Met	-
ASRT	BSD	Road Safety Training	12 educational Institutions training presented (primary schools)	New		3	4	Met	12
ASRT	BSD	Organised Law enforcement operations	12 Law enforcement operations	New		12	45	Met	12
RFT	MTID	Program Equipment	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Effective fire brigade service	% of Fire Brigade service that meets agreed standards as per full daily inspections	New		New		-	100%
SRT	BSD	Fire Prevention inspections and awareness	# of Fire Prevention inspections and awareness	New		New		-	300
SRT	BSD	Implementation of training program for staff - Fire	% Staff attending training courses within the budget (Internal and External)	New		New		-	60%
SRT	BSD	Training visits to MHI and high risk buildings	# of visits to MHI and high risk buildings	New		New		-	200
SRT	BSD	Implementation of training program for staff - Law Enforcement	% Staff attending training courses within the budget (Internal and External)	New		New		-	60%
CCT	GGPP	Traffic education	Traffic education initiative at schools one	New		New		-	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			a year						
SRT	BSD	Implementation of training program for staff - Traffic	% Staff attending training courses within the budget (Internal and External)	New		New		-	60%
SRT	BSD	Increase in number of speeding tickets issued	Number of speeding tickets	New		New		-	6600
TPF	BSD	Roadblocks	Number of roadblocks held within the year	New		New		-	8
SRT	BSD	# of Learners licenses tested per annum by the Traffic Department	Number of learners licenses tests conducted	New		New		-	1440
Solid Waste									
AAST	BSD	Developing of Builders Rubble	% of project/phase completed	1	1	100%	0%	Not Met	-
AAST	BSD	Developing of Green Site	% of project/phase completed	1	1	100%	0%	Not Met	-
AAST	BSD	Increase the amount of waste recycled by % per annum	Total Waste collected and recycled	2200	1980	2200	1981	Almost Met	20%
AAST	BSD	Cleanup campaigns on a ward basis	Number of clean ups	12	63	12	11	Met	12
AAST	BSD	Waste management campaign developed and implemented	Waste management campaign developed and implemented	4	0	1	0	Not Met	4
AAST	BSD	Implementation of two recommendations for the Integrated Waste Management Plan for Knysna	Phase 1 - Developing of garden and building refuse sites	2	2	2	2	Met	2
AAST	BSD	Implementation of two recommendations for the Integrated Waste Management Plan for Knysna	Phase 2 - 100% expenditure on the roll-out of Wheelie Bins	100%	100%	100%	100%	Met	100%
AAST	BSD	Purchase of Wheelie bins	% of project/phase completed	100%	100%	100%	100%	Met	95%
AAST	BSD	The removal of domestic waste at all residences in all residential areas	Once per week.	New		100%	100%	Met	95%
AAST	BSD	Accessibility and monitoring of sustainable waste management sites	Regular monitoring	New		80.00%	63.33%	Almost Met	-
RFT	MTID	Program Small Plant	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Complaints - Solid waste	% Complaints attended to within 24 hours	New		New		-	90%
RFT	BSD	Develop an integrated Waste Management plan for the next 10 years	Review the plan within the budget	New		New		-	0
RFT	BSD	Promoting Council's Waste Minimisation- and Recycling Strategy	# of awareness campaigns	New		New		-	1
RFT	BSD	Maintenance of solid waste assets	Development of a Solid Waste maintenance/service plan	New		New		-	95%
RFT	BSD	Maintenance of solid waste assets	% of maintenance budget of solid waste spent	New		New		-	95%
AST	BSD	Waste management sites (garden sites)	Phase 2 - Development of the waste management sites (garden sites) before the expiry date of the ROD (October 2010) within the budget	New		New		-	4
Sewerage Sanitation									
RFT	BSD	Program Small Plant	% of project/phase completed	New		100%	100%	Met	-
Planning and Development									
Director Planning & HIS									
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	12
AFST	MFVM	Implementation of Internal audit queries from date	% of queries rectified within 6 months	New		80%	100%	Met	80%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		of final report							
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New		100%	100%	Met	100%
ASRT	MTID	Submission of Annual Report information	Departmental Report submitted by due date	New		1	1	Met	1
ASRT	MTID	Assignments from municipal manager	Assignment implemented within required timeframes	New		100%	100%	Met	-
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		100%	100%	Met	-
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		80%	100%	Met	-
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		80%	100%	Met	-
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	22	Met	4
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	100%	Met	100%
ASRT	MTID	Development of human resources	Guidance and support provided to staff measured by complaints by staff	New		250	0	Met	-
ASRT	MTID	Skills Development	# of targeted individuals trained	New		100%	100%	Met	-
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework with staff	New		4	4	Met	4
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		95%	100%	Met	-
AFST	MFVM	Category deviations	Variations per category in excess of 10% should be explained	New		10%	1%	Met	-
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New		100%	100%	Met	-
RFT	MTID	Program Office Furniture	% of project/phase completed	New		100%	100%	Met	100%
FST	MFVM	Improvement in conditional grant spending - capital	% of total conditional capital grants spent	New		New		-	100%
FST	MFVM	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
RFT	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
RFT	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end	New		New		-	100%
SRT	MTID	Average speed of recruitment from receiving the	Average speed of recruitment from	New		New		-	90

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		applications and return shortlist back to HR	receiving the applications and return shortlist back to HR 90% within 10 working days						
RFT	BSD	Northern Corridor Upgrade(NDPG	% of project/phase completed (Non monetary indicator)	New		New		-	100%
TPF	BSD	Design Bongani River Wetland Plan	A management plan for the Wetland in co-operation with Absa (Heidevallei)	New		New		-	1
RFT	BSD	Implementation of Integrated Human Settlement Strategy	no of recommendations developed	New		New		-	2
TPF	BSD	Spatial Development Plan assessed in terms of BESP	Final Assessment report concluded by BESP task team	New		New		-	1 Assessment
BSD	BSD	Percentage/ No of HH that meet agreed standards (all existing informal settlements to be formalised with land use plans for economic and social facilities and with the provision of permanent basic services) - Informal areas	No of informal dwellers provided with housing opportunity			New		-	250
BSD	BSD	Percentage/ No of HH that meet agreed sanitation service standards (at least once a week) -Informal areas	% of HH without/ No of HH that meet minimum standard sanitation	New		New		-	250
Housing: Administration									
CCT	BSD	250 subsidised housing units completed and signed off by WCPA	50 houses signed off in FCR and 200 houses signed off in Vision	180	0	250	543	Met	250
RFT	GGPP	Implement an accessible and useful Consumer Awareness Programmes in all housing projects in the GKLM	Train 250 homeowners	12	15	250	2703	Met	-
CCT	BSD	Implementation of the Integrated Human Settlement Strategy	Implementation of two recommendations of the IHSS, in July 09	2	0	2	77	Met	2
CCT	BSD	Title Deeds finalised and handed over via conveyances	The total number of Title Deeds to new owner	200	260	100	203	Met	100
CCT	BSD	Housing subsidies accurately captured internally and submitted to WCPA	Number of housing applications submitted to WCPA	300	624	100	402	Met	-
CCT	BSD	Completion of the Affordable Housing Business Plan for Heidevallei and Hornlee	Business Plan complete			1	1	Met	-
RFT	BSD	Knysna Vision 2002 (Infrastructure)	% of project/phase completed	New		100%	100%	Met	100%
CCT	BSD	Two hundred current council housing transfers completed	The total number of housing sales completed			200	844	Met	-
CCT	BSD	General Plans submitted and approved by the SG	Approved GPs	New		2	2	Met	-
CCT	BSD	Implementation of Emergency Housing Programme within 7 days of incident	1 Intervention			55	240	Met	-
CCT	BSD	Review IHSS in terms of the Built Environment Support Program	Review submitted to PAWC	New		1	1	Met	1
CCT	BSD	Implement an accessible and useful Housing Interaction Programme in all wards in the GKLM	Number of Interactions	New		8	19	Met	-
CCT	BSD	Create opportunities for emerging entrepreneurs within the housing program	Employment of emerging sub-contractors or contractors (women, youth, HDI)	New		10	11	Met	10
CCT	BSD	220 sites earthworks completed	Number of earthworks	New		New		-	220
CCT	BSD	220 foundations completed	number of foundations	New		New		-	220
CCT	BSD	Commencement of Hornlee Infill	Commencement of Hornlee Infill - site development	New		New		-	1

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
AST	BSD	No of HH that meet minimum standard sanitation	No of HH that meet agreed sanitation service standards (at least once a week) -Informal areas	New		New		-	250
CCT	BSD	Create opportunities for emerging entrepreneurs within the housing program	Employment of emerging sub-contractors or contractors (women, youth, HDI)	New		New		-	10
AST	BSD	No of informal dwellers provided with housing opportunity	No of HH meeting agreed standards within northern areas - Informal areas	New		New		-	250
Town Planning and Building Control									
TPF	BSD	% of applications, for buildings with architectural area under 500m2, approved in 30 days	Approved within30days after receipt of info. required for correct& complete applications	100%	95%	90.00%	49.37%	Not Met	-
TPF	BSD	% of applications, for buildings with architectural area under 500m2, approved in 30 days	Approved within30days after receipt of info. required for correct& complete applications	100%	95%	85.00%	49.62%	Not Met	-
TPF	BSD	Processing rate of major land use applications (i.e. decision referred to relevant committee)	The total number of major T/Planning applications determined within five months from date of receipt divided by the total number of major planning applications received, where there are no obstructions	25%	60%	80.00%	48.95%	Not Met	-
TPF	BSD	Processing rate of minor land use applications (i.e. decision taken using delegated authority)	The total number of major T/Planning applications determined within five months from date of receipt divided by the total number of major planning applications received, where there are no obstructions	25%	60%	80.00%	42.58%	Not Met	-
TPF	BSD	Review Spatial Development Plan, as per the Built Environment Support Programme	Review submitted to PAWC	1	1	1	1	Met	-
TPF	BSD	Design and Develop the Environment Management Systems Implementation Plan	Plan adopted by Council	1	1	1	0	Not Met	-
TPF	BSD	Design and implement KEPMAP interventions to ensure communities understand and appreciate the value of the estuary	No of awareness campaigns implemented	1	5	4	11	Met	-
TPF	BSD	Develop a pro-forma building plan for additions to project-linked houses	Pro forma Building Plan complete	New		1	1	Met	-
TPF	BSD	Implement an accessible and useful Consumer Awareness Programmes regarding Building Control in the GKLM	Campaign Implemented	New		1	1	Met	-
TPF	BSD	Develop and Implement two spatial planning exercises	Two spatial planning reports approved by Council	New		2	7	Met	-
TPF	BSD	Design and Development of Climate Change Interventions	No of interventions implemented	New		1	1	Met	-
TPF	BSD	OSCAER permits dealt with within 30 days on single residential properties less than 500m2,	No of OSCAER permits dealt with timeously within 30 days	New		85.00%	96.58%	Met	80%
TPF	BSD	Design and Develop the Bongani River Catchment Area Plan	Plan incorporated into Heidevallei BP	New		1	1	Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
TPF	BSD	Engage in environmental awareness programmes	No of awareness campaigns implemented	New		4	11	Met	2
TPF	BSD	Implement an accessible and useful Consumer Awareness Programmes regarding Town Planning in the GKLM	Campaign Implemented	New		1	1	Met	-
RFT	MTID	Turnaround time building plan approvals	Improvement on turnaround time on applications for building plan approval from date of receiving the correct and complete application within 60 days	New		New		-	100
TPF	BSD	Development of electronic plans processing system	System fully functional and effective	New		New		-	1
TPF	BSD	Spatial Development Plan assessed in terms of BESP	Final Assessment report concluded by BESP task team	New		New		-	1
TPF	BSD	Develop Spatial planning exercises	One spatial planning exercise and report approved by Council	New		New		-	1

Electrical Services

Electricity Administration

AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	100%
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of relevant queries rectified within 6 months	New		80%	100%	Met	80%
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New		100%	100%	Met	100%
ASRT	MTID	Submission of Annual Report information	Departmental Report submitted by due date	New		1	1	Met	1
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0	Met	0
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		100%	75%	Almost Met	-
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		80.00%	98.33%	Met	12
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		80.00%	98.33%	Met	12
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		4	4	Met	4
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	100%	Met	100%
ASRT	MTID	Skills Development	# of targeted individuals trained	New		100%	100%	Met	-
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework	New		4	4	Met	4
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		95%	95%	Met	-
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New		100.00%	98.50%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New		100.00%	90.92%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New		100.00%	52.83%	Not Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New		100%	100%	Met	-
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end to Manager: IT	New		New		-	12
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Updating of policies within the directorate	New		New		-	100%
BSD	BSD	Effective capital spending	% spent of approved electricity capital projects	New		New		-	95
BSD	BSD	Improvement of electricity distribution capacity	% improvement	New		New		-	no info
BSD	BSD	Percentage/ No of HH with no street lights	No of HH without	New		New		-	no info
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 10 working days	New		New		-	90%
Electricity Distribution									
RFT	BSD	Response time to attend to street light faults	Time lapse between report of minor street light fault and repair	1 week	1 week	100% (2 Weeks)	100% (2 Weeks)	Met	90% (2 Weeks)
RFT	BSD	Response time to attend to traffic light faults	Time lapse between report of traffic light fault and repair percentage done in one day.	100%	100%	100%	100%	Met	90%
RFT	BSD	Minor fault response time	Percentage of faults reported dealt with within 24 hours (call outs)	100%	100%	100%	100%	Met	100%
RFT	BSD	Percentage of electricity losses	Total amount of electricity purchased divided by the total amount of electricity produced	8%	8%	8%	8%	Met	7.60%
RFT	BSD	Number of power failures - Municipality	The number of reported failures in medium Voltage power supply directly attributable to Knysna Municipality	60	89	150	156	Not Met	-
RFT	BSD	KPA - Percentage of households with access to basic level of electricity	The total number of formal households with on site electricity facilities divided by the total number of households known to the Municipality	98%	98%	98%	98%	Met	98%
RFT	BSD	New electricity connections	The total number of new formal household electricity connections completed - Number	1000	689	250	64	Not Met	100
RFT	BSD	Time to connect new electricity applicants	No of new formal household electricity applications connected within 14 days of request	100%	100%	100%	100%	Met	90%
RFT	BSD	Rate of customer complaints	The number of complaints received , by letter, telephone or electronic transmission that were responded to	20	8	20	3	Met	90%
RFT	BSD	Provide supply	within thirty (30) days where existing network can be used and sixty (60) days for low tension and ninety (90) days for	New		100%	100%	Met	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			medium tension where extensions must be made to the network. (Depending on availability)						
RFT	BSD	10MVA Incomer Transformer Sedgefield	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	11kV Circuit Break Intake S/S	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	185mm/3 Cu Cable: Sedgefield M	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	20/25MVA 66/11KV Transformer I	% of project/phase completed	New		100%	95%	Almost Met	100%
RFT	BSD	22 KV Cable Eastford SS and Sa	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Densification Elect Sys: Knysna	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Densification Elect Sys: Sedgefield	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Electrification of Informal Area	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Load Switches for System - Purchase	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Nelson Street Substation	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Concordia High Masts Loan	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Program Tools & Equipment	% of project/phase completed	New		100%	100%	Met	100%
RFT	BSD	Electrify Infill Erven INEP	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Electrification Infill Erven	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Erf985 Perfect Positions	% of project/phase completed	New		100%	100%	Met	-
RFT	MTID	Program Computer Equipment	% of project/phase completed	New		100%	100%	Met	-
RFT	MTID	Program Small Plant	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Repair power failures	50% within 1,5 hours and submit monthly report	New		50%	50%	Met	50%
RFT	BSD	Repair power failures	60% within 3,5 hours and submit monthly report	New		60%	60%	Met	60%
RFT	BSD	Repair power failures	90% within 7,5 hours and submit monthly report	New		90%	90%	Met	90%
RFT	BSD	Repair power failures	98% within 24 hours and submit monthly report	New		98%	98%	Met	98%
RFT	BSD	Maintain an electricity emergency service.	Availability of personnel 24 hours per day according to standby list	New		100%	100%	Met	100%
RFT	BSD	10MVA Incomer Transformer Sedgefield - Phase 1	% of project/phase completed (Non monetary indicator)	New		New		-	100%
RFT	BSD	Electrify Infill Erven (INEP)	% of project/phase completed (Non monetary indicator)	New		New		-	100%
RFT	BSD	Electrification Infill Erven (Loan)	% of project/phase completed (Non monetary indicator)	New		New		-	100%
FST	BSD	Number of households receiving free basic electricity	No of households	New		New		-	6800
FST	BSD	Quantum of free basic electricity received	Kwh per month per household	New		New		-	4338121
RFT	BSD	Maintenance of electricity assets	% of approved maintenance schedule executed	New		New		-	95%
RFT	BSD	Maintenance of electricity assets	% of maintenance budget of electricity spent	New		New		-	95%
RFT	BSD	Asset replacements & refurbish	% of project/phase completed (Non monetary indicator)	New		New		-	100%
RFT	BSD	Number of power failures - Municipality	% Of reported failures in medium Voltage power supply directly attributable	New		New		-	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			to Knysna Municipality rectified within 24 hours (excluding natural causes)						
AST	BSD	Number of HH that meet agreed service standards (connected to the national grid) -Formal areas	No of HH achieving agreed service standards	New		New		-	100
AST	BSD	Percentage of HH that meet agreed service standards (connected to the national grid) -Informal areas	% of HH achieving agreed service standards/ No of HH	New		New		-	100
Workshop & Depot									
RFT	BSD	Average vehicle turnaround time in depot	The average length of time between a vehicle entering the workshop and the completion of job	1 week	1 week	1	1	Met	1 week
Technical Services									
Director Technical Services									
AFST	MFVM	SDBIP reporting to council	Timeous reporting to MM before due dates	New		100%	100%	Met	12
AFST	MFVM	Implementation of Internal audit queries from date of final report	% of queries rectified within 6 months	New		80%	100%	Met	80%
AFST	MFVM	Management of external audit queries	No of audit queries completed within 30 days	New		100%	500%	Met	100%
ASRT	MTID	Submission of Annual Report information	Departmental Report submitted by due date	New		1	1	Met	1
ASRT	MTID	Ensure proper procurement practices	No of successful appeals against municipality on the awarding of tenders.	New		0	0	Met	0%
ASRT	MTID	Achievement of employment equity targets	% of employment equity targets of positions below level 8 filled achieved	New		50.00%	95.83%	Met	-
ASRT	MTID	Liaison with Leadership	Participation in directors meeting	New		22	26	Met	12
ASRT	MTID	Liaison with Leadership	Meetings with management team per month	New		100%	100%	Met	12
RFT	GGPP	Liaison with portfolio Councillor on a quarterly basis	Meeting with Portfolio Councillor every quarter	New		100%	100%	Met	4
ASRT	MTID	Implementation of Council resolutions	Items implemented within required timeframe	New		100%	100%	Met	100%
ASRT	MTID	Development of human resources	Guidance and support provided to staff measured by complaints by staff	New		100%	100%	Met	-
ASRT	MTID	Skills Development	# of targeted individuals trained	New		4	4	Met	4
ASRT	MTID	Ensure proper implementation of the Performance Management System including review	Quarterly Review in accordance with PMS Framework	New		4	4	Met	4
ASRT	MTID	Attend to all incoming documents, post, etc within 10 working days	% within 10 working days	New		80.00%	83.33%	Met	-
AFST	MFVM	Awarding of MFMA compliant procurement contracts	Percentage of tenders awarded that comply with MFMA compliant procurement policy	New		100%	100%	Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to.	Purchases up to R2 000.	New		100.00%	99.92%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R30 000).	Written or verbal quotations up to R30 000	New		100.00%	91.58%	Almost Met	-
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (up to R200 000).	Formal price quotations up to R200 000	New		100%	50%	Not Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
AFST	MFVM	Ensure That Limits as Set in the Approved SCM Policy are Adhered to (in excess of R200,000).	Tenders for amounts in excess of R 200,000	New		100.00%	84.92%	Almost Met	-
RFT	BSD	Development of a medium term services plan	Produce a medium term service plan to cover the infrastructure demands on the service over the medium term	New		1	1	Met	-
RFT	MTID	Program Office Equipment	% of project/phase completed	New		100%	100%	Met	100%
RFT	LED	Elimination of poverty, job creation. (Man days per annum created)	Creation of person days in temporary jobs in the Technical Directorate within the budget	New		New		-	2400
FST	BSD	Operational budget expenditure - Technical Directorate	Percentage of operational budget spent under Director's control	New		New		-	95%
RFT	BSD	Annual Revision of the water and sanitation service development plan	Revision of the medium term service plans to cover the infrastructure demands on the sanitation and water service over the medium term	New		New		-	1
SRT	MTID	Average speed of recruitment from receiving the applications and return shortlist back to HR	Average speed of recruitment from receiving the applications and return shortlist back to HR 90% within 30 working days	New		New		-	90%
SRT	MTID	Development of human resources	Grievances received	New		New		-	12
RFT	GGPP	Review of the TAS	Submit inputs by end March	New		New		-	1
RFT	GGPP	SDBIP submitted to Council	Submit inputs by end February	New		New		-	1
RFT	GGPP	Web page	Submit updated information within 10 working days after month end	New		New		-	12
TPF	GGPP	IDP submitted to Council	Submit inputs by end November	New		New		-	1
TPF	GGPP	Policies	Reviewing of policies within the directorate	New		New		-	100%
FST	MFVM	Conditional grant spending - capital	% of total conditional capital grants spent	New		New		-	100%
FST	MFVM	Conditional grant spending - operational	% of total conditional operational grants spent	New		New		-	100%
TPF	BSD	Development and implementation of a public transport system	% implementation of the public transport system/ No of projects	New		New		-	0
FST	BSD	Maintenance of municipal roads (Spent)	% spent under director's control	New		New		-	95%
BSD	BSD	Effective capital spending	% spent	New		New		-	95%
BSD	BSD	Maintenance of stormwater assets	% of approved maintenance plan executed	New		New		-	95%
BSD	BSD	Maintenance of stormwater assets	% of maintenance budget of stormwater spent	New		New		-	95%
BSD	BSD	Maintenance of sanitation assets	% of approved maintenance plan executed	New		New		-	95%
BSD	BSD	Maintenance of sanitation assets	% of maintenance budget of sanitation spent	New		New		-	95%
BSD	BSD	Quality of waste water discharge	% water quality level of waste water discharge	New		New		-	50%
RFT	BSD	Percentage/ No of HH with no stormwater system - Formal areas	% of HH without/ No of HH without	New		New		-	0%
RFT	BSD	Percentage/ No of HH with no stormwater system - Informal areas	% of HH without/ No of HH without	New		New		-	250

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
BSD	BSD	Effective capital spending	% spent of approved stormwater capital projects	New		New		-	0
BSD	BSD	Effective capital spending	% spent of approved waste water management capital projects	New		New		-	95%
BSD	BSD	Improvement of sanitation system capacity	% improvement	New		New		-	0
BSD	BSD	Percentage/ No of HH that meet agreed sanitation service standards (at least VIP on site) -Formal areas	% of HH without/ No of HH without minimum standard sanitation	New		New		-	0
BSD	BSD	Percentage/ No of HH that meet agreed sanitation service standards (at least VIP on site) -Informal areas	% of HH without/ No of HH that meet minimum standard sanitation	New		New		-	This PI is currently not measurable
BSD	BSD	Maintenance of water assets	% of approved maintenance plan executed	New		New		-	95%
BSD	BSD	Maintenance of water assets	% of maintenance budget of water spent	New		New		-	95%
BSD	BSD	Percentage/ No of HH that meet agreed service standards (cleaned piped water 200m from household) - Informal areas	% of HH achieving agreed service standards/ No of HH	New		New		-	100%
BSD	BSD	Percentage/ No of HH that meet agreed service standards (cleaned piped water 200m from household) -Formal areas	% of HH achieving agreed service standards/ No of HH	New		New		-	100%
FST	BSD	Quantum of free basic water received	KL per month per household	New		New		-	266760
BSD	BSD	Effective capital spending	% spent of approved water capital projects	New		New		-	95%
BSD	BSD	Improvement of water purification system capacity	% improvement	New		New		-	0
Civic Building									
AFST	MFVM	Percentage of operational maintenance budget spent.	Total Percentage of maintenance Budget spent	100%	76%	95%	121%	Met	95%
RFT	BSD	Program Tools & Equipment	% of project/phase completed	New		100%	100%	Met	-
Public Works									
AFST	MFVM	% of maintenance budget spent on resealing	% of maintenance budget spent on resealing - Knysna	100%	97%	80.00%	33.25%	Not Met	95%
AFST	MFVM	% of maintenance budget spent on resealing	% of maintenance budget spent on resealing - Sedgefield	100%	100%	0%	0%	Met	95%
AFST	MFVM	% of maintenance budget spent on resealing	% of maintenance budget spent on resealing - Belvidere	100%	100%	95%	16%	Not Met	95%
AFST	MFVM	% of maintenance budget spent on regraveling	% of maintenance budget spent on regraveling -Knysna	100%	103%	95%	201%	Met	95%
AFST	MFVM	% of maintenance budget spent on regraveling	% of maintenance budget spent on regraveling - Sedgefield	100%	96%	67.14%	79.72%	Met	95%
AFST	MFVM	% of maintenance budget spent on regraveling	% of maintenance budget spent on regraveling -Belvidere	100%	89%	67.14%	55.57%	Almost Met	95%
AFST	MFVM	Road construction and maintenance function	Total operating cost of road maintenance function	3,820	3,463	2317	2432	Met	-
RFT	BSD	Km of stormwater lines cleared	Km of stormwater lines cleared	54	67	54	138	Met	62
RFT	BSD	Expenditure on Disaster relief funds	In the event of a disaster in the Knysna Municipal area.	New		0	0	Met	-
RFT	BSD	Concordia taxi route surface	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	Labour Intense S/Walks CX	% of project/phase completed	New		95%	100%	Met	100%
RFT	BSD	Labour Intense S/Walks SD	% of project/phase completed	New		95%	100%	Met	100%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
RFT	BSD	Labour Intense S/Walks RH	% of project/phase completed	New		95%	100%	Met	100%
RFT	BSD	Leisure Isle Sea Wall	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	Nekkies/Oupad Intersection	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	PPP: Roads-Belvidere	% of project/phase completed	New		0%	0%	Met	-
RFT	BSD	PPP: Roads-Welbedacht	% of project/phase completed	New		0%	5%	Met	-
RFT	BSD	Sedge Road to Island	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	Program Tools & Equipment	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Nekkies/Oupad Intersect	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Hornlee High Level Zone Pump Equipment	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Prof fees-Upgrade water ret Hornlee	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Salt River Storm Water Improve	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Basic Assessment Sedge Isle St	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Fencing Sedge emergency water us	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Roads: Belvidere & Welbedacht	Roads: Belvidere & Welbedacht	New		100%	100%	Met	-
RFT	BSD	Km of new road for previously un-serviced areas	No of kilometres (Bloemfontein Road)	New		New		-	0.8 Km
RFT	BSD	Maintenance of municipal roads (Plan)	Kilometres of roads resealed according to approved maintenance plan	New		New		-	0.8 Km
RFT	BSD	General Improvements	% of project/phase completed (Non monetary)	New		New		-	100%
AST	BSD	Stormwater system - Formal areas	# Of properties subject to chronic flooding resolved (not funded for this year)	New		New		-	0%
RFT	BSD	General Improvements: Storm Water	% of project/phase completed (Non monetary)	New		New		-	100%
RFT	BSD	Maintenance of stormwater assets	% of approved maintenance plan executed	New		New		-	95%
FST	BSD	Maintenance of stormwater assets	% of maintenance budget of stormwater spent under directorate's control	New		New		-	95%
Sewerage Purification									
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage purification tests carried out: Knysna	100%	75%	50%	100%	Met	50%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage purification tests carried out: Belvidere	100%	81%	60%	100%	Met	70%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage purification tests carried out: Rheenendal	100%	61%	80%	100%	Met	70%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage purification tests carried out: Brenton	100%	81%	90%	67%	Not Met	50%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage	100%	38%	60%	50%	Almost Met	30%

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
			purification tests carried out: Sedgefield						
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for bacteria dived by total sewerage purification tests carried out: Karatara	100%	81%	80%	83%	Met	90%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical dived by total sewerage purification tests carried out: Knysna	New		70%	80%	Met	70%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical Belvidere	New		70%	79%	Met	70%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical dived by total sewerage purification tests carried out: Sedgefield	New		40.00%	34.50%	Almost Met	30%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical dived by total sewerage purification tests carried out: Karatara	New		70%	86%	Met	70%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical dived by total sewerage purification tests carried out: Brenton	New		70%	76%	Met	60%
RFT	BSD	Quality of sewerage purified	Number of sewage purification tests that meet required effluent standards for Chemical dived by total sewerage purification tests carried out: Rheenendal	New		50%	86%	Met	60%
RFT	BSD	Bongani Bulk Sewer (MIG)	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	Toilets in Katanga	% of project/phase completed	New		95%	100%	Met	-
RFT	BSD	Upgrade Main Sewer Pump Station (Roll Over)	% of project/phase completed	New		100%	100%	Met	-
RFT	BSD	Asset replacements & refurbish	% of project/phase completed (Non monetary)	New		New		-	100%
RFT	BSD	Co-funding for Grant funded project	% of project/phase completed (Non monetary)	New		New		-	100%
RFT	BSD	Extension to Knysna WWTW (MIG) - Phase 1	% of project/phase completed (Non monetary)	New		New		-	100%
RFT	BSD	Projects yet to be identifies(% of project/phase completed (Non monetary)	New		New		-	100%
RFT	BSD	Percentage of formal erven that meet agreed sanitation service standards -Formal areas	% of formal erven that meet minimum standard sanitation	New		New		-	100%
RFT	BSD	Percentage water quality level of waste water discharge	Quality of waste water discharge for the grater Knysna Area	New		New		-	50%
RFT	BSD	Maintenance of sanitation assets (Plan)	% of approved maintenance plan executed	New		New		-	95%
FST	BSD	Maintenance of sanitation assets (Spent)	% of maintenance budget of sanitation spent	New		New		-	95%
Water Purification									

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Knysna	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Belvidere	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Rheeendal	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Buffalo Bay	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Sedgefield	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out - Karatara	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Knysna	New		85%	95%	Met	80%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Belvidere	New		90%	100%	Met	90%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Rheeendal	New		80%	85%	Met	70%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Buffalo Bay	New		80%	85%	Met	70%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Sedgefield	New		85%	95%	Met	80%
RFT	BSD	Quality of water purified	Number of Water purification tests that meet the chemical standards for potable water, divided by total water purification test carried out - Karatara	New		90%	100%	Met	90%
RFT	BSD	Total volume and receipts for bulk water sales in	Domestic: Mega litres(Due to the drought)	2,950	2,156	2150	1757	Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011
				2008 / 2009	2009 / 2010				
		Mega litres and rand, by category of consumer	and water restrictions the PI has been reversed to save water)						
AFST	MFVM	Total volume and receipts for bulk water sales in Mega litres and rand, by category of consumer	Domestic: Income (Due to the drought and water restrictions the PI has been reversed to save water)	14,551	12,896	14551	12634	Met	-
AFST	MFVM	Total volume and receipts for bulk water sales in Mega litres and rand, by category of consumer	Business: Mega litres (Due to the drought and water restrictions the PI has been reversed to save water)	690	565	570	536	Not Met	-
AFST	MFVM	Total volume and receipts for bulk water sales in Mega litres and rand, by category of consumer	Business: Income (Due to the drought and water restrictions the PI has been reversed to save water)	7,790	6,464	7790	6890	Met	-
AFST	MFVM	Total volume and cost of bulk water purified	Mega litres (Due to the drought and water restrictions the PI has been reversed to save water)	4,000	4,473	4000	3841	Met	4000
AFST	MFVM	Percentage of households with access to basic level of water (1)	Percentage of households in approved informal areas with standpipe water supply within 200m	100%	100%	100%	100%	Met	100%
AFST	MFVM	Percentage of households with access to basic level of water (2)	The total number of formal household with access to on site water supply divided by the total number of households known to the Municipality	100%	100%	100%	100%	Met	100%
AFST	MFVM	Water Reticulation maintenance function	Total operating cost of the maintenance: Overall	2,359	2,227	2219	1479	Not Met	-
AFST	MFVM	Number of water breaks	The total number of breaks in service provision - Overall	1,828	1,025	2175	907	Met	942
RFT	BSD	Response time to water breaks	Number of water breaks reinstated within 12 hours	95%	95%	80%	95%	Met	80%
RFT	BSD	Percentage of water losses -Overall	Total MI of water distributed divided (WD) by the total MI of water purified (WP) on a 12 month moving average basis. 1-(WD/WP) - Overall	20%	29%	28%	26%	Met	-
RFT	BSD	Total year to date water losses	Mega litres	800	1286	1300	989	Met	-
RFT	BSD	Water applications previously (Annual Revision of water service development plan)	The percentage of new water applications connected within seven days of the receipt of application: Knysna	100%	100%	90%	100%	Met	-
RFT	BSD	Ancillary Works: Sedgefield WTW	% of project/phase completed	100%	100%	95%	100%	Met	-
RFT	BSD	B/Bay: Relocate Bldg R/water	% of project/phase completed	100%	100%	95%	100%	Met	-
RFT	BSD	BIGAI Spring Upgrade	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	BSD	Boreholes SG MIG 06 Flood	% of project/phase completed	100%	100%	100%	100%	Met	-
TPF	BSD	Desalination MIG 06 Flood	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	MTID	Emergency Boreholes Knysna	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	BSD	Emergency Generators WTW	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	BSD	Glebe P/Line	% of project/phase completed	100%	100%	95%	100%	Met	-
RFT	BSD	Knysna Raw Water Augmentation Roll Over	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	BSD	Knysna WTW	% of project/phase completed	100%	100%	95%	100%	Met	-
RFT	BSD	MIG Grant Funding August Flood	% of project/phase completed	100%	100%	100%	100%	Met	-
RFT	BSD	N & NE Bulk Water	% of project/phase completed	100%	100%	95%	100%	Met	100%
RFT	BSD	New Reservoir at Old Place	% of project/phase completed	100%	100%	95%	48%	Not Met	-

* Mun KPA	* Nat KPA	Indicator	Unit of Measurement	Target	Actual	Target	Actual	Achieved	Target 2010 / 2011	
				2008 / 2009	2009 / 2010					
RFT	BSD	Prof fees SG Aug	% of project/phase completed	100%	100%	95%	100%	Met	-	
RFT	BSD	Raw Water Pump Station	% of project/phase completed	100%	100%	95%	100%	Met	-	
TPF	BSD	Re-Use at Knysna WWTW	% of project/phase completed	100%	100%	100%	100%	Met	-	
RFT	BSD	Rheenendal Raw Water	% of project/phase completed	100%	100%	100%	100%	Met	-	
RFT	BSD	Rheenendal WTW	% of project/phase completed	100%	100%	95%	100%	Met	-	
RFT	BSD	Sedge WTW & P/S Relocation	% of project/phase completed	100%	100%	95%	100%	Met	-	
RFT	BSD	Water Ret 110MM Diameter Main In	% of project/phase completed	100%	100%	100%	100%	Met	-	
RFT	BSD	Asset replacements & refurbish	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	Co-funding for Grant funded pr	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	Eastford Pumping Scheme-M&E Re	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	Emergency Boreholes CX	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	Ground water abstraction	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	Knysna Bulk Water Storage Dam	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	MIG: Water works upgrade	% of project/phase completed (Non monetary)	New		New		-	100%	
RFT	BSD	New water connections	No of new water connections	New		New		-	100	
RFT	BSD	Reduction in water losses	% water loss less % water loss 2009/2010	New		New		-	2%	
SRT	BSD	Excellent water quality	% water quality level as per blue drop project	New		New		-	82%	
RFT	BSD	Maintenance of water assets (plan)	% of approved maintenance plan executed	New		New		-	95%	
FST	BSD	Maintenance of water assets (spent)	% of maintenance budget of water spent	New		New		-	95%	
RFT	BSD	Water Reticulation maintenance function	Operating cost: Maintenance function- Knysna	New		New		-	95%	
FST	MFVM	Water Reticulation maintenance function	Operating cost: Maintenance function- Sedgefield	New		New		-	95%	
FST	MFVM	Water Reticulation maintenance function	Operating cost: Maintenance function- Belvidere	New		New		-	95%	
Municipal KPA	A Financially Sound Town (FST)		National KPA	Municipal Financial Viability and Management (MFVM)						
	A Reliably Functioning Town (RFT)			Good Governance and Public Participation (GGPP)						
	A Successful and Respected Town (SRT)			Municipal Transformation and Institutional Development (MTID)						
	A Town Prepared for the Future (TPF)			Basic Service Delivery (BSD)						
	A Caring and Content Town (CCT)			Local Economic Development (LED)						
	An Attractive and Sustainable Town (AST)									
	Basic Service Delivery (BSD)									
	A Dynamic and Welcoming Town (DWT)									
"- in the 2010 / 2011 Target column refers to targets that have been met, changed, substituted or moved to other directorates or departments.										

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5: FINANCIAL PERFORMANCE

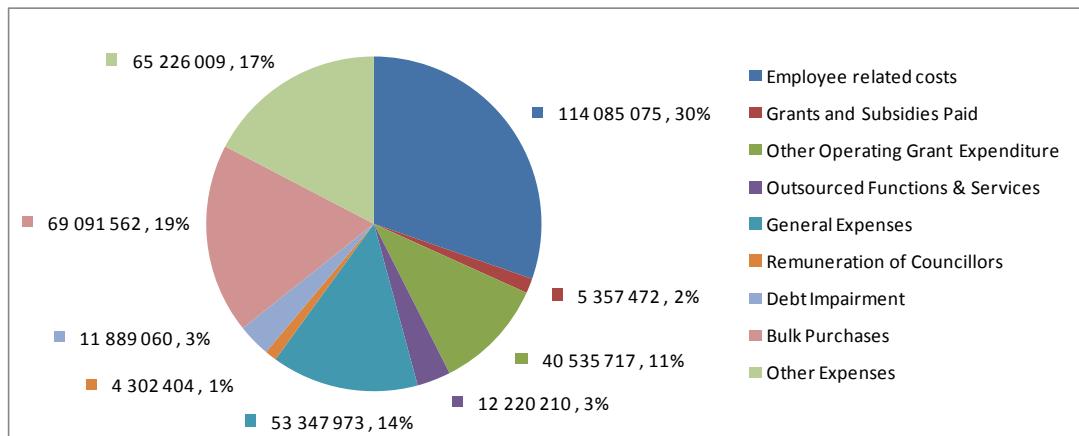
5.1 FINANCIAL STATUS

Summary of performance against budgets¹

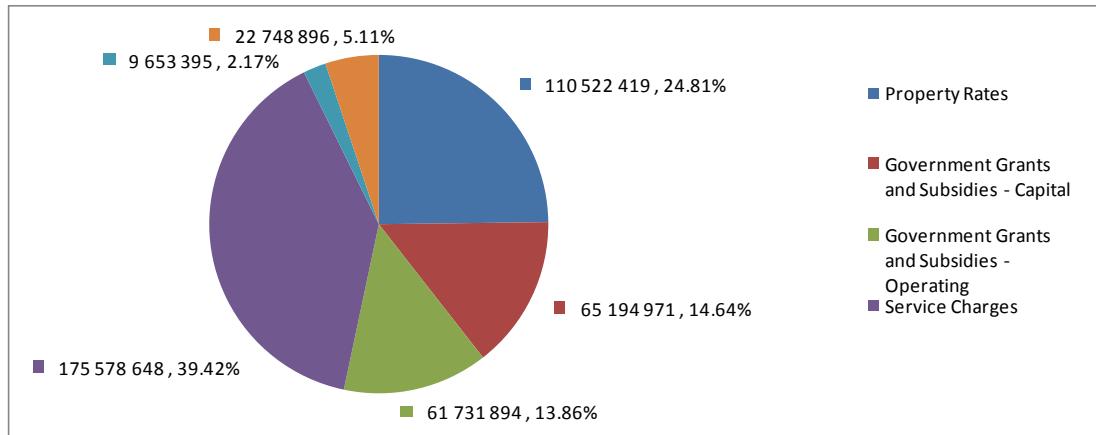
Year	Revenue				Operating expenditure			
	Budget R'000	Actual R'000	Diff. R'000	%	Budget R'000	Actual R'000	Diff. R'000	%
2007/2008	323 380	294 312	-29 068	-8.99%	273 079	281 499	-8 420	-3.08%
2008/2009	344 235	352 110	7 875	2.29%	334 409	327 114	7 295	2.18%
2009/2010	455 430	433 216	12 214	2.81%	376 055	363 056	12 999	3.58%

Table 50: Performance against budgets

Total operating expenditure 2009/10



Total revenue 2009/10



¹ Note: Used Statement of Financial Performance (Income includes gains on disposals)

Gross outstanding debtors per service and total debtor age analysis as at 30 June 2010²

Financial year	Rates	Trading services (Electricity and Water)	Economic services(Sanitation and Refuse)	Housing rentals	Other	Total
					R'000	R'000
2008/2009	16 399	28 650	16 322	2 618	4 762	68 751
2009/2010	25 058	36 786	16 863	2 968	5 378	87 053
Difference	8 659	8 136	541	350	616	18 302
% growth year on year	52.8%	28.4%	3.3%	13.4%	12.9%	26.6%

Table 51: Gross outstanding debtors per service

Gross outstanding debtors (Excluding provision for bad debt)

Total debtors age analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2008/2009	19 307	7 212	2 889	39 343	68 751
2009/2010	23 657	7 362	3 551	52 483	87 053
Difference	4 350	150	662	13 140	18 302
% growth year on year	22.5%	2.1%	22.9%	33.4%	26.6%

Table 52: Total debtor age analysis

The debtors increased by R18 302 million year on year between 2008/09 and 2009/10. This can be contributed to the harshness of the economic recession and the increasing unemployment. The credit control policy is being implemented and the situation is being monitored very carefully.

² Note: Figures exclude provision for bad debt

Level of reliance on grants and subsidies³

Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2008/2009	86 179	349844	24.63%
2009/2010	129 255	445 430	29.01%

Table 53: Reliance on grants

Liquidity ratio⁴

Financial year	Current assets (R'000)	Current liabilities (R'000)	Ratio
2008/2009	118 345	95 222	1.22 : 1
2009/2010	103 747	80 862	1.28 : 1

Table 54: Liquidity ratio

³ Note: Used Statement of Financial Performance (Government grants & subsidies)

⁴ Note: Used Statement of Financial Position

5.2 FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR GENERAL

KNYSNA

MUNICIPALITY



**AUDITED FINANCIAL STATEMENTS
30 JUNE 2010**

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE KNYSNA MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying consolidated financial statements of the Knysna Municipality which comprise the consolidated and separate statement of financial position as at 30 June 2010, and the consolidated and separate statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 156 to 216 and 219.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009)(DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the Knysna Municipality as at 30 June 2010 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

9. Enquiries of management and the municipality's legal representatives confirmed that the municipality is a defendant in actions instituted for damages and claims totalling R4,3 million. The outcome of these legal claims cannot be determined, but based on best estimate and judgement by management, these amounts have been disclosed as a contingent liability in note 50 to the consolidated financial statements.

Restatement of corresponding figures

10. As disclosed in note 35 to the consolidated financial statements, the corresponding figures for 30 June 2009 have been restated as a result of errors discovered during the 2009-10 financial year, relating to the consolidated financial statements of Knysna Municipality at, and for the year ended, 30 June 2009.

Material losses

11. As disclosed in note 41.4 to the consolidated financial statements, water distribution losses of 25,8% (1 million mega litres purified) were incurred during the 2009-10 financial year (2008-09 financial year: 28,8% – 1,3 million mega litres purified).

Material under spending of the budget

12. As disclosed in note 40.3 to the consolidated financial statements, the Knysna Municipality under spent by R11,3 million on its capital expenditure budget. The reasons for this under spending are set out in the mentioned note to the consolidated financial statements.

Additional matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

13. The supplementary information set out on pages 69 to 70 and 72 to 75, does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations: MFMA, DoRA, Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA), Local Government: Municipal Structures Act of South Africa, 1998 (Act No. 117 of 1998), and financial management (internal control).

Predetermined objectives

15. Material findings on the report on predetermined objectives, as set out on pages 1 to 44, are reported below.

Non-compliance with regulatory and reporting requirements

Local Government: Municipal Systems Act, 2000

Lack of effective, efficient and transparent systems and internal controls regarding performance management

16. The municipality and municipal entity did not implement a documented framework which described and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including a determination of the roles and responsibilities of each role players, as required by section 38 of the MSA, and regulations 7 and 8 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 issued in *GNR.796 of 24 August 2001* (Regulations).

No service delivery agreement

17. The municipality did not enter into a service delivery agreement with the municipal entity for the provision of a municipal service, as required in terms of section 76 of the MSA and regulation 9(2) of the Municipal Planning and Performance Management Regulations, 2001.

Local Government: Municipal Finance Management Act, 2003

18. The assessment of the performance of the municipality during the first half of the financial year in terms of section 72(1) of the MFMA, did not include a report on the municipality's service delivery performance during the first half of the financial year, and

the service delivery targets and performance indicators set in the service delivery and budget implementation plan and the past year's annual report, and progress on resolving problems identified in the annual report.

No reporting against predetermined objectives, indicators and targets

19. The municipal entity did not prepare and include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set, in terms of the service delivery agreement or other agreement between the entity and its parent municipality, as required by section 121(4)(d) of the MFMA.

Local Government: Municipal Planning and Performance Management Regulations, 2001 (regulations), issued in GNR.796 of 24 August 2001

20. Key performance indicators were not set by the municipality for all employees as determined by section 9(2)(b) of the regulations.
21. Contrary to section 11(2) of the regulations, the municipality did not maintain sufficient appropriate evidence that those key performance indicators that were affected by an amendment were adequately reviewed.
22. Contrary to section 9(2)(b)(ii) of the regulations, the municipality did not ensure that the key performance indicators informed the indicators set for the newly established municipal entity.

Usefulness of reported performance information

23. The following criteria were used to assess the usefulness of the planned and reported performance:
 - Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
 - Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
 - Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit finding relates to the above criteria:

Lack of consistency between integrated development plan and the service delivery and budget implementation plan

24. None of the targets set by the municipality for the objectives selected were aligned between the integrated development plan and the service delivery and budget implementation plan.

Reliability of reported performance information

25. The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit finding relates to the above criteria:

Reported indicators not reliable as no supporting source information was provided

26. For the selected objectives the validity, accuracy and completeness of the actual performance reported by the municipality on housing could not be established as sufficient appropriate audit evidence and/or relevant source documentation could not be provided for audit purposes.

Compliance with laws and regulations

Local Government: Municipal Supply Chain Management Regulations, 2005

27. Contrary to regulation 18(d) of the Local Government: Municipal Supply Chain Management Regulations (SCM regulations) issued in *GNR.868 of 30 May 2005*, the accounting officer of the municipality was not notified in writing on a monthly basis of all written and verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation.

Municipal Finance Management Act, 2003

28. Contrary to section 15 of the MFMA, which requires a municipality to incur expenditure only in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget, the municipality incurred unauthorised expenditure totalling R22,5 million, as disclosed in note 41.1 to the consolidated financial statements.

29. As a result of non-compliance with chapter 11, part 1 of the MFMA relating to supply chain management and the Local Government: Municipal Supply Chain Management Regulation (SCM regulations) issued in *GNR.868 of 30 May 2005*, irregular expenditure to the value of R29,4 million was incurred by the municipality. This amount was disclosed as irregular expenditure in note 41.3 to the consolidated financial statements.

30. Contrary to sections 87, 88 and 100 of the MFMA, an annual budget or performance assessment was not prepared by the municipal entity

31. Internal reports or minutes of reporting by the municipal entity to the council on expenditure incurred by the entity on directors and staff remuneration could not be presented to confirm compliance with section 89 of the MFMA.
32. The annual financial statements for the municipal entity were submitted on 30 September 2010 and not within two months after the end of the financial year as required by section 126(2) of the MFMA.

Local Government: Municipal Systems Act, 2000

33. Contrary to section 93J of the MSA, a chief executive officer was not appointed and consequently the municipal entity did not have an accounting officer as referred to in section 93 of the MFMA.

INTERNAL CONTROL

34. I considered internal control relevant to my audit of the consolidated financial statements and the report on predetermined objectives as well as compliance with the MFMA, DoRA, MSA and Local Government: Municipal Structures Act, 1998, but not for the purpose of expressing an opinion on the effectiveness of internal control.
35. The matters reported below are limited to the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

Leadership

36. Neither the municipality nor the municipal entity implemented a documented framework that describes and represents how their cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players. Consequently the results of the monitoring process are not routinely communicated to all managers and staff to ensure that employees at all levels of the municipality and municipal entity understand their responsibility with regard to collecting and collating information for the report on predetermined objectives. This has resulted in data collection for reporting on predetermined objectives not being implemented, resulting in incomplete and inaccurate reporting for the municipality and non-reporting on predetermined objectives by the municipal entity.
37. Actions were not in all instances taken by the municipality to address risks relating to the achievement of complete and accurate performance reporting and to establish an adequate linkage between the integrated development plan and the service delivery and budget implementation plan and the targets reported on in the annual performance plan.
38. The accounting officer and accounting authority did not adequately exercise oversight responsibility over compliance with laws and regulations for both the municipality and the municipal entity. This is evidenced by the extent of non-compliance reported in relation to procurement and contract management identified by the municipality and non-compliance to the budgetary process by the municipal entity. The municipality's financial management improvement plan did not adequately address compliance with laws and regulations.

Performance management

39. Adequate processes have not been implemented to ensure that the report on predetermined objectives is accurate and complete and that the actual performance reported in the annual performance report was adequately supported by sufficient appropriate evidence in respect of the municipality and that the municipal entity reported on its performance against predetermined objectives.

Governance

40. Although internal audit performed reviews on the quarterly performance reporting of the municipality, these reviews did not extend to the systems and processes underlying performance reporting. The risk of inaccurate and incomplete performance reporting was not identified by management to inform the focus of the internal audit plan in this regard for the municipality.
41. Governance processes, including a formal risk assessment, an internal audit function and a fraud prevention plan and processes, had not been established as the municipal entity was still in its establishment phase.
42. Risks relating to procurement and contract management and compliance with laws and regulations were not adequately identified and included in the formal risk assessment to inform the operational plan of internal audit of the municipality.

Auditor - General

Cape Town

17 December 2010



Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

E R J Bouw-Spies	Executive Mayor
Rev D J Kemoetie	Deputy Executive Mayor [Chairperson: Finance, Economic Development and Governance Committee]
A N H Finn	Executive Councillor [Chairperson: Infrastructure Development & Integrated Human Settlements Committee]
N E Koti	Executive Councillor [Chairperson: Community Services Committee]

AUDITORS

Auditor-General
Private Bag X96, Bellville 7535

BANKER

Nedbank Corporate
P O Box 472, Knysna
6570

REGISTERED OFFICE

Civic Centre Clyde Street Knysna	P O Box 21 Knysna 6570	Tel 044 - 302 6300 Fax 044 - 302 6333
----------------------------------------	------------------------------	------------------------------------------

MUNICIPAL MANAGER

Mr J B Douglas

CHIEF FINANCIAL OFFICER

Mr G S Easton

LEGAL FORM

Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution

JURISDICTION

Greater Knysna area which includes:
Knysna
Sedgefield
Rheenendal
Karatara
Brenton
Belvidere
Noetzie

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)



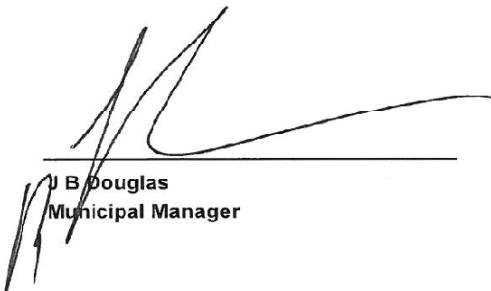
2009 / 2010

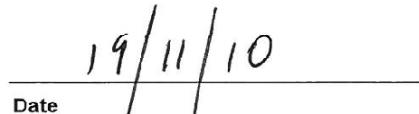
MEMBERS OF THE KNYSNA MUNICIPALITY

WARD	COUNCILLOR	
1	Nayler	T
2	Jule	M L
3	Matungana	A G
4	Loliwe	S R
5	Botha	J K A
6	Kemoetie	D J
7	Koti	N E
8	Molosi	V M
Proportional	Bouw-Spies	E R J
Proportional	Dawson	R A
Proportional	Finn	A N H
Proportional	Gungubele	N V
Proportional	Joyi	W
Proportional	Mc Combi	H J
Proportional	Oktober	R E
Proportional	Wolmarans	G

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 79 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.


J B Douglas
Municipal Manager


Date

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Knysna Municipality for the fiscal year 2009/2010.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the Municipal Manager and senior management to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

These are the fifth set of Financial Statements presented in terms of the latest variant of Generally Recognised Accounting Practices (GRAP) as complicated by various National Treasury edicts and the Accounting Standards Board, and is also the first set of consolidated financial statements incorporating the newly established Knysna Economic Development Agency as an entity.

We are now to a large degree compliant with the requirements of GRAP and the only major obstacle for full compliance is the unbundling of the Infrastructure Assets and Land and Buildings.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom issues continue to play havoc with good financial management. The Knysna economy has been battered of late and all indications are that it will get worse before it gets better.

This is not because of bad or incompetent management, but because it is the nature of the business and the economy. I would therefore hope that National and Provincial bureaucrats take heed of this fact before making any incorrect or ill-conceived statements or judgements.

One indicator needs to be highlighted, that of Employee Related Costs. As Knysna has grown, its staff component has not. There are critical gaps opening in all areas of Council and these will impact progressively on service delivery.

Councillors, quite correctly, always concentrate on what they perceive as service delivery but if there is a gap, for example in procurement, then a pipe fitting may not be bought causing a problem further down the line outside. Staffing must be addressed in all areas and not in isolation.

Financial Statement Ratios:

INDICATOR	30 June 2010	30 June 2009
Surplus / (Deficit) for the year before Appropriations	69 617 938	25 175 975
Accumulated Surplus / (Deficit) at the end of the Year	314 096 618	244 496 729
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	30.34%	30.75%
Remuneration of Councillors	1.14%	1.23%
Debt Impairment	3.16%	1.90%
Collection Cost	0.03%	0.00%
Depreciation and Amortisation	8.04%	8.50%
Impairments	0.01%	0.40%
Repairs and Maintenance	4.56%	5.78%
Actuarial losses	0.29%	0.00%
Finance Charges	4.41%	5.27%
Unamortised discount - Interest	0.00%	0.00%
Bulk Purchases	18.37%	16.44%
Contracted services	3.25%	3.75%
Grants and Subsidies Paid	1.42%	1.53%
Other Operating Grant Expenditure	10.78%	9.66%
General Expenses	14.19%	14.80%
Current Ratio:		
Creditors Days	31,5	21
Debtors Days	104	104

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Appendix "E (1)".

The overall operating results for the year ended 30 June 2010 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	244 496 729	216 506 002	12.93%	-	-
Operating income for the year (incl. gains in disposal of assets)	445 673 420	352 384 180	26.47%	433 216 000	2.88%
Appropriations for the year	(18 049)	2 814 751	-100.64%	-	
	690 152 100	571 704 933	20.72%	433 216 000	59.31%
Expenditure:					
Operating expenditure for the year	376 055 482	327 208 204	14.93%	363 056 140	3.58%
Closing surplus / (deficit)	314 096 618	244 496 729	28.47%	-	-
	690 152 100	571 704 933	20.72%	363 056 140	90.10%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 99,631,198 (2008/2009: R 66,078,005), and in percentage terms amounts to 89,85% of budget. Full details of Property, Plant and Equipment are disclosed in note number 12 and appendices B and C to the Annual Financial Statements.

The capital expenditure of R 99,631,198 was financed as follows:

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	8 175 720	11 552 000	-29.23%	8.21%
External Loans	24 948 097	34 269 000	-27.20%	25.04%
Grants and Subsidies	65 194 971	65 023 000	0.26%	65.44%
Leased Assets	1 312 410	-		1.32%
	99 631 198	110 844 000	-10.12%	100.00%

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	30 June 2010
<i>Variance per Category:</i>	
Budgeted surplus before appropriations	70 159 860
Revenue variances	10 920 404
Expenditure variances:	
Executive and Council	(10 237 714)
Finance & Administration	(3 448 607)
Planning & Development	612 130
Health	137 597
Community & Social Services	930 084
Housing	(7 588 255)
Public Safety	(1 475 251)
Sport & Recreation	565 090
Waste Management	2 787 277
Roads & Transport	4 853 639
Water	(1 458 244)
Electricity	(133 423)
Waste Water Management	1 456 333
Actual surplus before appropriations	68 080 923

Details of the operating results per segmental classification of expenditure and of operational results per category of expenditure, together with an explanation of variances of more than 10% from budget, are included in Note 40

5.2 Capital Budget:

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive & Council	1 834 987	1 430 000	404 987
Corporate	31 934	-	31 934
Finance	701 495	930 000	(228 505)
Strategy	4 736 490	12 008 000	(7 271 510)
Planning	4 023 144	6 816 000	(2 792 856)
Community	1 470 697	1 588 000	(117 303)
Electricity	13 415 273	14 916 000	(1 500 727)
Technical	73 417 178	73 156 000	261 178
	99 631 198	110 844 000	(11 212 802)

Details of the results per segmental classification of capital expenditure are included in Appendix C, together with an explanation of variances of more than 5% from budget, are included in Note 40

6. LONG-TERM LIABILITIES

	2010 R	2009 R
The outstanding amount of Long-term Liabilities as at 30 June was :	<u>167 993 683</u>	<u>164 457 613</u>
New loans taken up during the financial year to enable the municipality to finance part of its capital requirements.	<u>15 343 187</u>	<u>44 579 000</u>

Refer to Note number 3 and Appendix "A" for more detail.

7. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	<u>56 857 750</u>	<u>56 725 015</u>
Provision for Post Retirement Benefits	44 249 234	44 727 097
Provision for Ex-Gratia Pension Benefits	429 069	613 868
Provision for Long Service Awards	5 466 397	3 962 940
Provision for Rehabilitation of Landfill-sites	1 010 860	1 010 860
Provision for Clearing of Alien Vegetation	5 702 190	6 410 250
	<u>56 857 750</u>	<u>56 725 015</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Notes number 4 and 5 for more detail.

8. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	8 474 945	8 183 307
Current Employee benefits	Note number 7	10 996 564	7 984 335
Provisions	Note number 8	1 010 860	975 860
Trade and other payables	Note number 9	26 298 878	21 560 194
Unspent Conditional Government Grants and Receipts	Note number 10	8 413 996	27 045 009
Taxes	Note number 11	-	648 433
Operating Lease Liability	Note number 21.1	1 022 725	751 262
Cash and Cash Equivalents	Note number 22	10 185 666	15 470 835
Current Portion of Long-term Liabilities	Note number 3	14 457 926	12 603 149
		<u>80 861 559</u>	<u>95 222 385</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

9. INTANGIBLE ASSETS

The net value of Intangible Assets is:

177 516

411 578

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:

491 390 864

421 788 200

Refer to Note number 12 and Appendices B, C and E for more detail.

11. INVESTMENTS

The municipality held Investments to the value of :

13 295 233

11 819 108

These investments are ring-fenced for purposes of either the security for and repayment of Long-term Liabilities or the collateral on staff housing loans, with the result that no amounts are available for own purposes.

Refer to Note number 16 for more detail.

12. LONG-TERM RECEIVABLES

Long-term Receivables consist mainly of a loan to Vermont old age home. A provision for impairment for the specific loan was made to the value of R1202510.76

1 791 774

1 721 531

Refer to Note number 17 for more detail.

13. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 18	1 684 605	2 319 852
Trade Receivables from exchange transactions	Note number 19	39 405 400	35 222 526
Other Receivables from non-exchange transactions	Note number 20	20 134 477	16 070 185
Unpaid Conditional Government Grants and Receipts	Note number 10	7 906 385	1 871 636
Operating Lease Asset	Note number 21.2	2 074 253	1 849 734
Taxes	Note number 11	5 460 228	-
Current Portion of Long-term Receivables	Note number 17	118 433	120 662
Cash and Cash Equivalents	Note number 22	26 963 629	60 889 993
		103 747 410	118 344 588

Refer to the indicated Note numbers for more detail.

14. INTER-GOVERNMENTAL GRANTS

The municipality plays the major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes numbers 10 and 24 as well as Appendix E for more detail.

15. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 47

16. DISCLOSURE ISSUES

The issue of a Regional Electricity Distributor taking over the electricity function is becoming more likely. Unfortunately however there is still little or no resolution regarding the long term future of electricity surpluses and revenues.

The risk of flooding and particular flooding in portions of Sedgefield will always be prevalent, the ultimate financial costs of which are beyond Council's ability to manage. The necessity of a water agency for the whole of the Southern Cape must be considered a priority.

17. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

As stated previously these are the fifth financials produced under the new GRAP standards. The work involved just gets more detailed each year and therefore my heartfelt thanks goes to my own staff at all levels and in all departments, for their hard work and dedication.



G.S. EASTON
CHIEF FINANCIAL OFFICER
19 November 2010

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

Notes	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
NET ASSETS AND LIABILITIES				
Net Assets	318 516 667	248 898 729	318 478 727	248 898 729
Capital Replacement Reserve	2	-	-	-
Housing Development fund	2	4 420 049	4 402 001	4 420 049
Accumulated Surplus/(Deficit)		314 096 618	244 496 729	314 058 678
Non-Current Liabilities	209 816 753	208 698 683	209 816 752	208 698 683
Long-term Liabilities	3	155 825 073	154 876 201	155 825 073
Employee benefits	4	48 289 490	47 377 232	48 289 490
Non-Current Provisions	5	5 702 190	6 445 250	5 702 190
Current Liabilities	80 861 560	95 222 385	80 861 559	95 222 385
Consumer Deposits	6	8 474 945	8 183 307	8 474 945
Current Employee benefits	7	10 996 564	7 984 335	10 996 564
Provisions	8	1 010 860	975 860	1 010 860
Trade and other payables	9	26 298 878	21 560 194	26 298 878
Unspent Conditional Government Grants and Receipts	10	8 413 996	27 045 009	8 413 996
Taxes	11	-	648 433	-
Operating Lease Liability	21.1	1 022 725	751 262	1 022 725
Cash and Cash Equivalents	22	10 185 666	15 470 835	10 185 666
Current Portion of Long-term Liabilities	3	14 457 926	12 603 149	14 457 926
Total Net Assets and Liabilities	609 194 980	552 819 797	609 157 038	552 819 797
ASSETS				
Non-Current Assets	505 447 570	434 475 209	505 409 630	434 475 209
Property, Plant and Equipment	12	491 390 864	421 788 200	491 352 923
Non-current assets held for sale	13	19 215	19 209	19 215
Investment Property	14	102 224	108 589	102 224
Intangible Assets	15	177 516	411 578	177 516
Non-Current Investments	16	13 295 233	11 819 108	13 295 235
Long-Term Receivables	17	462 518	328 525	462 518
Current Assets	103 747 410	118 344 588	103 747 410	118 344 588
Inventory	18	1 684 605	2 319 852	1 684 605
Trade Receivables from exchange transactions	19	39 405 400	35 222 526	39 405 400
Other Receivables from non-exchange transactions	20	20 134 477	16 070 185	20 134 477
Unpaid Conditional Government Grants and Receipts	10	7 906 385	1 871 636	7 906 385
Operating Lease Asset	21.2	2 074 253	1 849 734	2 074 253
Taxes	11	5 460 228	-	5 460 228
Current Portion of Long-term Receivables	17	118 433	120 662	118 433
Cash and Cash Equivalents	22	26 963 629	60 889 993	26 963 629
Total Assets	609 194 980	552 819 797	609 157 040	552 819 797

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE
YEAR ENDED 30 JUNE 2010**

Notes	Economic Entity		Knysna Municipality	
	2010 R	2009 R (Restated)	2010 R	2009 R (Restated)
	REVENUE		REVENUE	
Revenue from Non-exchange Transactions	249 356 219	171 424 865	249 356 219	171 424 865
Taxation Revenue	108 596 693	80 792 686	108 596 693	80 792 686
Property taxes	23 108 596 693	23 80 792 686	23 108 596 693	23 80 792 686
Transfer Revenue	129 255 170	86 179 212	129 255 170	86 179 212
Government Grants and Subsidies - Capital	24 65 194 971	24 34 192 786	24 65 194 971	24 34 192 786
Government Grants and Subsidies - Operating	24 61 731 894	24 49 697 067	24 61 731 894	24 49 697 067
Public Contributions and Donations	24 2 282 304	24 2 289 359	24 2 282 304	24 2 289 359
Other Revenue	11 504 356	4 452 967	11 504 356	4 452 967
Actuarial Gains	24 6 061 408	24 588 979	24 6 061 408	24 588 979
Third Party Payments	24 429 835	24 309 486	24 429 835	24 309 486
Fines	24 2 124 790	24 2 513 432	24 2 124 790	24 2 513 432
Stock Adjustments	24 23 247	24 27 064	24 23 247	24 27 064
Reversal of provisions	24 708 060	24 -	24 708 060	24 -
Other	24 2 157 015	24 1 014 006	24 2 157 015	24 1 014 006
Revenue from Exchange Transactions	196 074 004	178 419 431	196 074 004	178 419 431
Property Rates - penalties imposed and collection charges	25 1 925 726	25 1 624 648	25 1 925 726	25 1 624 648
Service Charges	25 175 578 648	25 156 315 224	25 175 578 648	25 156 315 224
Rental of Facilities and Equipment	25 3 809 898	25 3 551 228	25 3 809 898	25 3 551 228
Interest Earned - external investments	25 5 875 952	25 7 573 095	25 5 875 952	25 7 573 095
Interest Earned - outstanding debtors	25 3 777 443	25 4 172 989	25 3 777 443	25 4 172 989
Licences and Permits	25 1 378 720	25 1 386 417	25 1 378 720	25 1 386 417
Agency Services	25 1 688 898	25 1 691 897	25 1 688 898	25 1 691 897
Other Income	25 1 290 679	25 786 675	25 1 290 679	25 786 675
Unamortised discount - Interest	25 748 041		25 748 041	
Total Revenue	445 430 223	349 844 295	445 430 223	349 844 295
EXPENDITURE				
Employee related costs	27 114 085 075	27 100 602 309	27 113 921 527	27 100 602 309
Remuneration of Councillors	28 4 302 404	28 4 009 208	28 4 302 404	28 4 009 208
Debt Impairment	29 11 889 060	29 6 205 001	29 12 107 101	29 6 205 001
Collection Cost	29 119 013	29 3 742	29 119 013	29 3 742
Depreciation and Amortisation	29 30 229 121	29 27 820 476	29 30 228 521	29 27 820 476
Impairments	30 49 284	30 1 310 969	30 49 284	30 1 310 969
Repairs and Maintenance	30 17 162 417	30 18 913 956	30 17 157 417	30 18 913 956
Actuarial losses	4 1 087 056	4 255	4 1 087 056	4 255
Finance Charges	31 16 566 865	31 17 243 463	31 16 566 865	31 17 243 463
Unamortised discount - Interest	31 12 254	31 13 869	31 12 254	31 13 869
Bulk Purchases	32 69 091 562	32 53 797 863	32 69 091 562	32 53 797 863
Contracted services	32 12 220 210	32 12 262 013	32 12 220 210	32 12 262 013
Grants and Subsidies Paid	33 5 357 472	33 5 002 699	33 5 357 472	33 5 002 699
Other Operating Grant Expenditure	33 40 535 717	33 31 601 849	33 40 535 717	33 31 601 849
General Expenses	34 53 347 973	34 48 420 532	34 53 337 020	34 48 420 532
Total Expenditure	376 055 482	327 208 204	376 093 422	327 208 204
Operating Surplus for the Year	69 374 741	22 636 091	69 336 801	22 636 091
Gain on disposal of Property, Plant & Equipment/Investment Property	243 197	243 197	243 197	243 197
NET SURPLUS/(DEFICIT) FOR THE YEAR	69 617 938	25 175 975	69 579 998	25 175 975

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Economic Entity		Knysna Municipality	
		2010 R	2009 R	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other -					
Exchange Transactions		177 430 213	156 370 934	177 430 213	156 370 934
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		221 972 644	171 363 000	221 972 644	171 363 000
Cash payments to suppliers and employees		(314 137 816)	(266 771 874)	(313 958 315)	(266 771 874)
Cash receipts and payments on VAT transactions		(6 108 662)	642 293	(6 108 662)	642 293
Cash generated/(absorbed) by operations	36	79 156 379	61 604 353	79 335 880	61 604 353
Interest Received		5 875 952	7 573 095	5 875 952	7 573 095
Interest Paid		(16 566 865)	(17 243 463)	(16 566 865)	(17 243 463)
Net Cash from Operating Activities		68 465 466	51 933 985	68 644 967	51 933 985
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(99 631 198)	(66 078 005)	(99 592 657)	(66 078 005)
Proceeds on Disposal of Fixed Assets		243 197	2 520 302	243 197	2 520 302
Increase in Intangible Assets		-	(13 904)	-	(13 904)
(Increase)/Decrease in Non-current Investments		(1 476 125)	(1 335 298)	(1 694 168)	(1 335 298)
Net Cash from Investing Activities		(100 864 126)	(64 906 905)	(101 043 628)	(64 906 905)
CASH FLOW FROM FINANCING ACTIVITIES					
New loans raised		15 343 187	44 579 000	15 343 187	44 579 000
New loans (repaid)		(11 807 117)	(13 389 196)	(11 807 117)	(13 389 196)
(Increase)/Decrease in Long-term Receivables		(70 243)	220 360	(70 243)	220 360
Increase/(Decrease) in Consumer Deposits		291 638	239 070	291 638	239 070
Net Cash from Financing Activities		3 757 465	31 649 234	3 757 465	31 649 234
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		(28 641 196)	18 676 314	(28 641 196)	18 676 314
Cash and Cash Equivalents at the beginning of the year					
Cash and Cash Equivalents at the end of the year	37	45 419 158	26 742 844	45 419 158	26 742 844
		16 777 964	45 419 158	16 777 964	45 419 158
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(28 641 196)	18 676 314	(28 641 196)	18 676 314

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

Economic Entity	Housing	Capital	Accumulated	Total
	Development Fund	Replacement Reserve	Surplus/ (Deficit)	
	R	R	R	R
Balance at 1 JULY 2008	4 791 544	-	216 506 002	221 297 546
Net Surplus/(Deficit) for the year	-	-	25 175 975	25 175 975
Rounding adjustment on PPE	-	-	(6)	(6)
Transfer to/from CRR	-	1 459 337	(1 459 337)	-
Property, Plant and Equipment purchased	-	(1 459 337)	1 459 337	-
Transfer from/(to) Housing Development Fund	(389 544)	-	389 544	-
Balance at 30 JUNE 2009	4 402 001	-	242 071 515	246 473 515
Correction of errors - Note 35.11	-	-	2 425 214	2 425 214
Restated Balance at 1 JULY 2009	4 402 001	-	244 496 729	248 898 729
Net Surplus/(Deficit) for the year	-	-	69 617 938	69 617 938
Transfer to/from CRR	-	8 137 177	(8 137 177)	-
Property, Plant and Equipment purchased	-	(8 137 177)	8 137 177	-
Transfer from/(to) Housing Development Fund	18 049	-	(18 049)	-
Balance at 30 JUNE 2010	4 420 049	-	314 096 618	318 516 667

Knysna Municipality	Housing	Capital	Accumulated	Total
	Development Fund	Replacement Reserve	Surplus/ (Deficit)	
	R	R	R	R
Balance at 1 JULY 2008	4 791 544	-	216 506 002	221 297 546
Net Surplus/(Deficit) for the year	-	-	25 175 975	25 175 975
Rounding adjustment on PPE	-	-	(6)	(6)
Transfer to/from CRR	-	1 459 337	(1 459 337)	-
Property, Plant and Equipment purchased	-	(1 459 337)	1 459 337	-
Transfer from/(to) Housing Development Fund	(389 544)	-	389 544	-
Balance at 30 JUNE 2009	4 402 001	-	242 071 515	246 473 515
Correction of errors - Note 35.11	-	-	2 425 214	2 425 214
Restated Balance at 1 JULY 2009	4 402 001	-	244 496 729	248 898 729
Net Surplus/(Deficit) for the year	-	-	69 579 998	69 579 998
Transfer to/from CRR	-	8 137 177	(8 137 177)	-
Property, Plant and Equipment purchased	-	(8 137 177)	8 137 177	-
Transfer from/(to) Housing Development Fund	18 049	-	(18 049)	-
Balance at 30 JUNE 2010	4 420 049	-	314 058 678	318 478 727

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

IAS 32 (AC125)	Financial Instruments: Presentation
IAS 39 (AC133)	Financial Instruments: Recognition and Measurement
SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the economic entity has adopted the transitional provisions for the following GRAP Standards.

GRAP 12 – Inventories
 GRAP 16 – Investment Property
 GRAP 17 – Property, Plant and Equipment
 GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
 GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
 GRAP 102 – Intangible Assets

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the economic entity:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Principles of GRAP 23 were applied in formulating the accounting treatment of non-exchange revenue, where the application of only GAMAP 9, as required by GRAP 9 until GRAP 23 is effective, is insufficient.

1.6. RESERVES

1.6.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.6.2 *Housing Development Fund*

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

schemes undertaken by the Economic entity, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.7. LEASES

1.7.1 *Economic entity as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the economic entity. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the economic entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 *Economic entity as Lessor*

Under a finance lease, the economic entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the economic entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested separately or as part of the economic entity's Cash and Cash Equivalents until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9. PROVISIONS

Provisions are recognised when the economic entity has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The economic entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The economic entity has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The economic entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.10. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The economic entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the economic entity. The economic entity's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

(c) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(d) *Pension obligations*

The economic entity contributes to the following post retirement funds - Cape Joint Pension fund and Cape Joint Retirement fund which provides for retirement benefits to its employees.

For defined contribution plans, the economic entity pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

1.11. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The economic entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the economic entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the economic entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the economic entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.12.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the economic entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.12.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
Infrastructure		Other	
Roads and Paving	10-25	Buildings	30
Pedestrian Malls	20	Specialist vehicles	10-20
Electricity	20-30	Other vehicles	5-7
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	5-15
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Buildings	30	Equipment	5-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	20
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	5-15
Other assets	15-20	Computer equipment	3-5
Heritage Assets and Land			
Heritage assets	50- Infinite		
Land	Infinite		
Finance lease assets			
Office equipment	3		
Other assets	5-6		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INTANGIBLE ASSETS

1.13.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The economic entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the economic entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the economic entity has the resources to complete the project; and
- it is probable that the economic entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the economic entity for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 *Subsequent Measurement – Cost Model*

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3 *Amortisation and Impairment*

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licenses	5

1.13.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the economic entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the economic entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.14.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.14.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

The economic entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the economic entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the economic entity estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.17. INVENTORIES

1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the economic entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.18.1 Initial Recognition

Financial instruments are initially recognised when the economic entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.18.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.18.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.18.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the economic entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the economic entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the economic entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.18.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.18.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The economic entity categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.18.3 ***De-recognition of Financial Instruments***

1.18.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the economic entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the economic entity has transferred substantially all the risks and rewards of the asset, or (b) the economic entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the economic entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the economic entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the economic entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the economic entity's continuing involvement is the amount of the transferred asset that the economic entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the economic entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.18.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.18.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19. REVENUE

1.19.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the economic entity received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the economic entity. Where public contributions have been received but the economic entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the economic entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, an economic entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the economic entity directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the economic entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the economic entity as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.19.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised. To qualify as a conditional grant, the conditions of the grant must be clearly stipulated including:

- 1) The required outputs and outcomes; and
- 2) That any unspent portion must be repaid to the grantor.

1.20. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.21. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

economic entity or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.25. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Economic entity as lessor

The Economic entity has entered into commercial property leases on its investment property portfolio. The Economic entity has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.19.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.19.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the economic entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.19 above). Specifically, whether the economic entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the economic entity is satisfied that recognition of the revenue in the current year is appropriate.

1.26. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.27. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1.28. CONSOLIDATED FINANCIAL STATEMENTS

The economic entity's financial statements incorporate the financial statements of the parent entity, Knysna Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the municipality.

Municipal entities are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

1.29. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
2 NET ASSET RESERVES				
RESERVES	4 420 049	4 402 001	4 420 049	4 402 001
Capital Replacement Reserve	-	-	-	-
Housing Development fund	4 420 049	4 402 001	4 420 049	4 402 001
Total Net Asset Reserve and Liabilities	4 420 049	4 402 001	4 420 049	4 402 001
3 LONG TERM LIABILITIES				
Annuity Loans - At amortised cost	161 804 631	158 651 749	161 804 631	158 651 749
Local Registered Stock	3 033 002	3 033 002	3 033 002	3 033 002
Capitalised Lease Liability - At amortised cost	3 156 050	2 772 862	3 156 050	2 772 862
Balance previously reported	-	880 608	-	880 608
Finance previously not recognised - Note 35.06	-	1 892 254	-	1 892 254
	167 993 683	164 457 613	167 993 683	164 457 613
Less: Current Portion transferred to Current Liabilities	(14 457 926)	(12 603 149)	(14 457 926)	(12 603 149)
Annuity Loans - At amortised cost	(13 413 523)	(11 807 118)	(13 413 523)	(11 807 118)
Capitalised Lease Liability - At amortised cost - (Restated 2009)	(1 044 403)	(796 031)	(1 044 403)	(796 031)
	153 535 757	151 854 464	153 535 757	151 854 464
Plus: Unamortised charges on loans	2 289 316	3 021 738	2 289 316	3 021 738
Balance 1 July	3 021 738	3 789 526	3 021 738	3 789 526
Adjustment for the period	(732 422)	(767 788)	(732 422)	(767 788)
Total Long-term Liabilities - At amortised cost using the effective interest rate method	155 825 073	154 876 201	155 825 073	154 876 201
The obligations under annuity loans are scheduled below:				
Amounts payable under annuity loans:				
Payable within one year	29 905 415	28 297 670	29 905 415	28 297 670
Payable within two to five years	104 712 707	101 343 796	104 712 707	101 343 796
Payable after five years	156 567 372	165 619 298	156 567 372	165 619 298
	291 185 494	295 260 764	291 185 494	295 260 764
Less: Future finance obligations	(129 380 863)	(136 609 015)	(129 380 863)	(136 609 015)
Present value of annuity obligations	161 804 631	158 651 749	161 804 631	158 651 749
The obligations under stock loans are scheduled below:				
Amounts payable under stock loans:				
Payable within one year	496 606	496 606	496 606	496 606
Payable within two to five years	3 739 319	4 119 045	3 739 319	4 119 045
Payable after five years	1 119 603	1 236 483	1 119 603	1 236 483
	5 355 528	5 852 135	5 355 528	5 852 135
Less: Future finance obligations	(2 322 526)	(2 819 133)	(2 322 526)	(2 819 133)
Present value of stock loan obligations	3 033 002	3 033 002	3 033 002	3 033 002
The obligations under finance leases are scheduled below:				
Amounts payable under finance leases:				
Payable within one year	1 364 767	1 085 098	1 364 767	1 085 098
Payable within two to five years	2 452 431	2 300 032	2 452 431	2 300 032
Payable after five years	-	-	-	-
	3 817 198	3 385 130	3 817 198	3 385 130
Less: Future finance obligations	(661 148)	(612 267)	(661 148)	(612 267)
Present value of lease obligations	3 156 050	2 772 862	3 156 050	2 772 862

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

Leases are secured by property, plant and equipment - Note 12.

LOCAL REGISTERED STOCK

Bear interest at rates between 16% and 17% per annum and are repayable over periods of between one and ten years.

ANNUITY LOANS

Bear interest at rates between 0% and 19% per annum. Fixed Deposits of R 13,277,790 (2009: R 11 787 694) and Term Deposit of R 6,947,323 (2009: R 6 439 781) have been pledged to DBSA as guarantees on external loans taken up. (See notes 16 and 22)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4

EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1
 Provision for Ex-Gratia Pension Benefits
 Long Service Awards - Refer to Note 4.2

Total Non-current Employee Benefit Liabilities

Economic Entity		Knysna Municipality	
2010	2009	2010	2009
R	R	R	R
42 865 838	43 341 882	42 865 838	43 341 882
376 919	534 495	376 919	534 495
5 046 733	3 500 855	5 046 733	3 500 855
48 289 490	47 377 232	48 289 490	47 377 232

Post Retirement Benefits

Balance 1 July	44 727 097	39 936 303	44 727 097	39 936 303
Contribution for the year	6 759 201	6 054 941	6 759 201	6 054 941
Expenditure for the year	(1 383 087)	(1 142 845)	(1 383 087)	(1 142 845)
Actuarial Loss/(Gain)	(5 853 977)	(121 302)	(5 853 977)	(121 302)
Total post retirement benefits 30 June	44 249 234	44 727 097	44 249 234	44 727 097
Less: Transfer of Current Portion - Note 7	(1 383 396)	(1 385 215)	(1 383 396)	(1 385 215)
Balance 30 June	42 865 838	43 341 882	42 865 838	43 341 882

Ex-Gratia Pensions

Balance 1 July	613 868	620 565	613 868	620 565
Contribution for the year	65 112	66 237	65 112	66 237
Expenditure for the year	(42 480)	(73 189)	(42 480)	(73 189)
Actuarial Loss/(Gain)	(207 431)	255	(207 431)	255
Total provision 30 June	429 069	613 868	429 069	613 868
Less: Transfer of Current Portion to Current Provisions - Note 7	(52 150)	(79 373)	(52 150)	(79 373)
Balance 30 June	376 919	534 495	376 919	534 495

Long Service Awards

Balance 1 July	3 962 940	3 683 345	3 962 940	3 683 345
Contribution for the year	792 940	747 272	792 940	747 272
Expenditure for the year	(376 539)	-	(376 539)	-
Actuarial Loss/(Gain)	1 087 056	(467 677)	1 087 056	(467 677)
Total long service 30 June	5 466 397	3 962 940	5 466 397	3 962 940
Less: Transfer of Current Portion - Note 7	(419 664)	(462 085)	(419 664)	(462 085)
Balance 30 June	5 046 733	3 500 855	5 046 733	3 500 855

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	49 303 905	44 240 213	49 303 905	44 240 213
Contribution for the year	7 617 253	6 868 450	7 617 253	6 868 450
Expenditure for the year	(1 802 105)	(1 216 034)	(1 802 105)	(1 216 034)
Actuarial Loss/(Gain)	(4 974 353)	(588 724)	(4 974 353)	(588 724)
Total employee benefits 30 June	50 144 700	49 303 905	50 144 700	49 303 905
Less: Transfer of Current Portion - Note 7	(1 855 210)	(1 926 673)	(1 855 210)	(1 926 673)
Balance 30 June	48 289 490	47 377 232	48 289 490	47 377 232

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	600	525	600	525
Continuation members (e.g. Retirees, widows, orphans)	60	63	60	63
Total Members	660	588	660	588

The liability in respect of past service has been estimated to be as follows:

In-service members	23 175 455	21 411 107	23 175 455	21 411 107
Continuation members	21 073 779	23 315 990	21 073 779	23 315 990
Total Liability	44 249 234	44 727 097	44 249 234	44 727 097

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
 LA Health
 Hosmed
 SAMWU Medical Aid; and
 Key health.

The Future-service Cost for the ensuing year is estimated to be R2 101 696, whereas the Interest- Cost for the next year is estimated to be R4 017 527.

Key actuarial assumptions used:	Economic Entity		Knysna Municipality	
	2010	2009	2010	2009
	%	%	%	%
i) Rate of interest				
Discount rate	9.22%	10.71%	9.22%	10.71%
Health Care Cost Inflation Rate	7.27%	9.58%	7.27%	9.58%
Net Effective Discount Rate	1.82%	1.03%	1.82%	1.03%
ii) Mortality rates				
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.				
iii) Normal retirement age				
It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4

EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Position are as follows:

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
Present value of fund obligations	44 249 234	44 727 097	44 249 234	44 727 097
Net liability/(asset)	44 249 234	44 727 097	44 249 234	44 727 097

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	44 727 097	39 936 303	44 727 097	39 936 303
Total expenses	5 376 114	4 912 096	5 376 114	4 912 096
Current service cost	2 043 107	1 845 458	2 043 107	1 845 458
Interest Cost	4 716 094	4 209 483	4 716 094	4 209 483
Benefits Paid	(1 383 087)	(1 142 845)	(1 383 087)	(1 142 845)
Actuarial (gains)/losses	(5 853 977)	(121 302)	(5 853 977)	(121 302)
Present value of fund obligation at the end of the year	44 249 234	44 727 097	44 249 234	44 727 097
Less: Transfer of Current Portion - Note 7	(1 383 396)	(1 385 215)	(1 383 396)	(1 385 215)
Balance 30 June	42 865 838	43 341 882	42 865 838	43 341 882

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	23.175	21.074	44.249	
The effect of movements in the assumptions are as follows:				
Health care inflation	1%	28.607	52.156	18%
Health care inflation	-1%	18.952	37.902	-14%
Post-retirement mortality	-1 year	23.903	45.686	3%
Average retirement age	-1 year	25.200	46.274	5%
Withdrawal Rate	-50%	25.991	47.065	6%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 600 (2009 = 604) employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R649 870, whereas the Interest cost for the next year is estimated to be R479 429.

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
Key actuarial assumptions used:				
i) Rate of interest				
Discount rate	9.11%	10.97%	9.11%	10.97%
General Salary Inflation (long-term)	6.44%	9.03%	6.44%	9.03%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.51%	1.78%	2.51%	1.78%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	5 466 397	3 962 940	5 466 397	3 962 940
Net liability/(asset)	5 466 397	3 962 940	5 466 397	3 962 940

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	3 962 940	3 683 345	3 962 940	3 683 345
Total expenses	416 401	747 272	416 401	747 272
Current service cost	383 551	366 310	383 551	366 310
Interest Cost	409 389	380 962	409 389	380 962
Benefits Paid	(376 539)	-	(376 539)	-
Actuarial (gains)/losses	1 087 056	(467 677)	1 087 056	(467 677)
Present value of fund obligation at the end of the year	5 466 397	3 962 940	5 466 397	3 962 940
Less: Transfer of Current Portion - Note 7	(419 664)	(462 085)	(419 664)	(462 085)
Balance 30 June	5 046 733	3 500 855	5 046 733	3 500 855

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		5.466	
General salary inflation	1%	5.877	8%
General salary inflation	-1%	5.099	-7%
Average retirement age	2 yrs	6.033	10%
Average retirement age	-2 yrs	4.886	-11%
Withdrawal rates	-50%	6.613	21%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
5 NON-CURRENT PROVISIONS				
Provision for Rehabilitation of Landfill-sites		35 000		35 000
Provision for Clearing of Alien Vegetation		6 410 250		6 410 250
Total Non-current Provision Liabilities	5 702 190	6 445 250	5 702 190	6 445 250
Also disclose a brief description of each of the provisions as well as the expected timing of cash outflows				
<u>Landfill Sites</u>				
Balance 1 July	1 010 860	768 683	1 010 860	768 683
Contribution for the year	-	242 177	-	242 177
Total provision 30 June	1 010 860	1 010 860	1 010 860	1 010 860
Less: Transfer of Current Portion to Current Provisions - Note 8	(1 010 860)	(975 860)	(1 010 860)	(975 860)
Balance 30 June	-	35 000	-	35 000
<u>Clearing of Alien Vegetation</u>				
Balance 1 July	6 410 250	5 827 500	6 410 250	5 827 500
Contribution for the year	(708 060)	582 750	(708 060)	582 750
Balance 30 June	5 702 190	6 410 250	5 702 190	6 410 250
It is expected that the rehabilitation costs of Landfill Sites be incurred in the ensuing year, while there is no definite commitment on expenditure for the clearing of backlog alien vegetation.				
6 CONSUMER DEPOSITS				
Electricity	5 287 593	5 196 578	5 287 593	5 196 578
Water	3 187 351	2 986 729	3 187 351	2 986 729
Total Consumer Deposits	8 474 945	8 183 307	8 474 945	8 183 307
Guarantees held in lieu of Electricity and Water Deposits	1 057 938	947 248	1 057 938	947 248
The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.				
7 CURRENT EMPLOYEE BENEFITS				
Current Portion of Post Retirement Benefits - Note 4	1 383 396	1 385 215	1 383 396	1 385 215
Current Portion of Ex-Gratia Pension Provisions - Note 4	52 150	79 373	52 150	79 373
Current Portion of Long-Service Provisions - Note 4	419 664	462 085	419 664	462 085
Performance Bonuses	840 470	754 488	840 470	754 488
Staff Leave	5 907 136	5 303 174	5 907 136	5 303 174
Pension Fund Investment Return Shortfall	1 664 780	-	1 664 780	-
Task Implementation	728 968	-	728 968	-
Total Current Employee Benefits	10 996 564	7 984 335	10 996 564	7 984 335
The movement in current employee benefits are reconciled as follows:				
<u>Performance Bonuses</u>				
Balance at beginning of year	754 488	659 722	754 488	659 722
Contribution to current portion	505 434	572 037	505 434	572 037
Expenditure incurred	(419 451)	(477 272)	(419 451)	(477 272)
Balance at end of year	840 470	754 488	840 470	754 488
Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.				
<u>Staff Leave</u>				
Balance at beginning of year	5 303 174	4 908 877	5 303 174	4 908 877
Contribution to current portion	1 008 345	1 059 814	1 008 345	1 059 814
Expenditure incurred	(404 383)	(665 516)	(404 383)	(665 516)
Balance at end of year	5 907 136	5 303 174	5 907 136	5 303 174
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.				
<u>Pension Fund Investment Return Shortfall</u>				
Balance at beginning of year	-	-	-	-
Contribution to current portion	-	-	-	-
Expenditure incurred	-	-	-	-
Balance at end of year	1 664 780	-	1 664 780	-
The Cape Joint Pension Fund's rules determine that the employer must contribute any shortfall if investment revenue does not realise 5%. The fund indicated that the municipality's share of the shortfall must be paid within 1 financial year.				
<u>Task Implementation</u>				
Balance at beginning of year	-	-	-	-
Contribution to current portion	-	-	-	-
Expenditure incurred	-	-	-	-
Balance at end of year	728 968	-	728 968	-
An agreement was reached on the implementation of a national salary grading structure with backpay to be paid in the 2010/2011 financial year for 9 months of the 2009/2010 financial year. There is no possibility of reimbursement.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
8 PROVISIONS				
Current Portion of Clearing of Alien Vegetation - Note 5	1 010 860	-	1 010 860	-
Current Portion of Rehabilitation of Landfill-sites - Note 5	-	975 860	-	975 860
Total Provisions	1 010 860	975 860	1 010 860	975 860
9 TRADE AND OTHER PAYABLES				
Trade payables	11 515 020	8 327 538	11 515 020	8 327 538
Payments received in advance	4 578 427	4 928 771	4 578 427	4 928 771
Retention (2009 Restated)	5 792 263	3 564 056	5 792 263	3 564 056
Hoarding fees	1 803 829	2 119 135	1 803 829	2 119 135
Other creditors	2 248 145	2 305 577	2 248 145	2 305 577
Deposits: Other - restated 2009 - Note 35.05	361 194	315 117	361 194	315 117
Total Trade Payables	26 298 878	21 560 194	26 298 878	21 560 194
Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.				
Other deposits include Hall, Builders and Housing Deposits.				
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS				
Unspent Grants	8 413 996	27 045 009	8 413 996	27 045 009
National Government Grants	5 902 934	25 209 373	5 902 934	25 209 373
Provincial Government Grants	1 053 801	635 635	1 053 801	635 635
Other Sources (Restated 2009)	1 457 261	1 200 000	1 457 261	1 200 000
Less: Unpaid Grants	7 906 385	1 871 636	7 906 385	1 871 636
National Government Grants	5 315 156	8 017	5 315 156	8 017
Provincial Government Grants	2 159 208	1 024 273	2 159 208	1 024 273
Other Sources (Restated 2009)	432 021	839 346	432 021	839 346
Total Conditional Grants and Receipts	507 611	25 173 373	507 611	25 173 373
Refer to Note 24 for more information				
See also appendix "E" for a reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.				
11 TAXES				
VAT Payable	-	642 293	-	642 293
Correction of error - Note 35.1		6 140		6 140
VAT Receivable	5 460 228	-	5 460 228	-
	5 460 228	648 433	5 460 228	648 433

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12 PROPERTY, PLANT AND EQUIPMENT

Economic Entity

30 JUNE 2010

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value	
	Opening Balance	BiF Adjustments	Cost R	Work-in- Progress	Disposals	Closing Balance R	Opening Balance R	BiF Adjustments	Dispositions	Closing Balance R	Disposals	Carrying Value R		
Land and Buildings														
Land and Buildings	178 015 697	1 818 085	-	-	-	179 833 782	23 331 408	-	5 324 285	-	28 655 693	151 176 090		
Workshops & Depots	2 063 887	1 818 085	-	-	2 063 887	934 823	66 332	1 061 155	1 002 732					
Office Buildings	9 830 121	-	11 248 206	2 409 203	2 737 169	9 011 037								
Housing Schemes	146 852 170	-	146 852 170	19 317 379	24 212 500	122 640 020								
Buildings	855 441	-	855 441	578 322	603 399	252 141								
Municipal Flats	26 804	-	26 804	14 295	15 188	11 616								
Land	18 006 902	-	18 006 902	-	-	18 006 902								
PPE Buildings	280 373	-	280 373	17 385	9 346	26 731	255 642							
Infrastructure	375 024 879	-	52 417 012	39 238 702	-	466 680 592	151 831 822	-	17 463 907	-	169 297 729	297 382 863		
Sewers	43 314 598	304 409	43 619 008	17 835 619	1 713 521	19 549 439	24 069 569							
7 249 722	55 699	7 305 421	1 747 655	386 860	2 129 556	5 176 865								
Sewerage Pumps	-	-	-	-	-	-	-							
Electricity	5 851 257	-	5 851 257	2 361 438	292 524	2 650 962	3 197 295							
Meters	99 061 155	11 282 590	1 918 180	112 267 925	3 940 513	4 484 815	37 423 228							
Supply & Reticulation	-	-	-	-	-	-	74 836 597							
Water	3 515 134	-	-	3 515 134	2 014 493	209 756	2 224 449							
Reservoirs & Tanks	3 283 081	-	324 684	3 067 765	116 189	2 512 675	1 290 885							
Supply & Reticulation	115 474 425	23 496 238	36 855 1628	175 222 291	5 420	44 100 754	1 095 090							
Lakes & Dams	774 837	-	-	774 837	341 798	27 572	131 721 537							
Workshops & Depots	775 211	-	-	775 211	107 227	15 504	405 467							
Road	53 951 317	3 443 549	57 404 866	39 386 098	2 358 812	41 744 966	65 480							
Bus Terminals	8 831 738	-	8 831 738	1 831 738	119 371	16 658 956								
Paving	8 774 954	3 577 466	144 210	12 986 531	281 114	585 111	1 362 707							
Pedestrian Footways	5 052 427	-	-	5 052 427	922 426	253 220	9 092 405							
Stormwater & Drains	14 518 399	3 296 745	17 815 144	524 169	688 816	6 309 985	3 877 381							
3 774 464	1 914 868	-	-	5 689 332	976 650	193 604	11 505 160							
Street Lighting	3 205 875	-	-	3 205 875	703 422	213 725	4 170 254							
Taxi Ranks	511 987	-	-	511 987	469 537	14 321	9 174 447							
Traffic Signs & Lights	751 897	-	-	486 664	545 001	25 538	483 858							
Car Parks	440 965	3 079 369	-	3 520 334	262 276	47 709	574 539							
Floodlighting	-	1 434 509	163 604	-	1 598 113	-	309 985							
Security Measures	215 962	-	1 305 810	2 215 962	196 503	154 441	3 210 350							
Fencing	1 260 964	-	-	2 566 774	100 474	4 672	1 311 332							
Security Systems	-	-	-	-	36 706	201 175	286 782							
Retaining Walls	-	-	-	-	-	139 180	14 787							
Community Assets	22 943 292	-	1 073 708	250 121	-	24 267 120	7 106 821	-	880 071	-	7 988 892	16 280 228		
Other Facilities	1 379 643	-	-	1 379 643	480 835	45 823	526 658							
Ablution Blocks	730 202	-	-	730 202	339 434	23 644	852 985							
Clinics	1 476 274	-	-	1 510 616	288 607	46 626	367 124							
Fire Stations	2 017 788	-	-	2 222 887	859 932	64 928	345 233							
Libraries	3 397 556	432 853	5 680	3 836 088	609 377	112 985	924 860							
Public Conveniences	4 467 498	-	-	4 467 498	147 386	1 079 506	1 305 027							
Bathrooms	7 146 414	640 855	7	7 787 266	263 108	348 599	3 113 26							
Town Halls	187 148	-	-	187 148	46 767	62 221	3 032 007							
Indoor & Outdoor Facilities	7 557	-	-	7 557	1 283	52 988	4 754 559							
Cemetries	12 556	-	-	12 556	6 698	252	134 161							
Pounds	194 520	-	-	194 520	194 494	419	6 012							
Nurseries	1 141 635	-	-	1 141 635	569 337	194 494	5 441							
Swimming Pool	68 021	-	-	68 021	37 411	623 363	26							
Parks	690 413	-	-	690 413	26 408	40 812	518 472							
Footways	25 867	-	-	25 867	20 988	23 014	27 209							
Community Centres	-	-	-	-	-	49 422	640 991							
Security Systems	-	-	-	-	-	22 745	3 121							
Lease Assets	5 292 635	-	1 312 410	-	-	6 005 045	3 022 751	-	980 282	-	4 003 033	2 602 012		
Office Equipment	5 292 635	-	1 312 410	-	-	6 005 045	3 022 751	-	980 282	-	4 003 033	2 602 012		

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Reconciliation of Carrying Value

	B/F			Cost			Work-in-Progress			Disposals			Opening Balance			Closing Balance			Accumulated Depreciation			Carrying Value				
	Opening Balance	Adjustments	R	R	Adjustments	R	R	Disposals	R	R	Disposals	R	R	R	R	R	R	R	R	R	R	R	R	R		
Heritage Assets	742 562	-	14 250	-	-	-	756 812	148 399	-	1 548	-	1 180	1 180	1 180	1 180	149 474	-	149 474	606 865	606 865	606 865	606 865	606 865			
Art	69 300						69 300																			
Museums	413 216						413 216																			
Monuments	18 421						18 421																			
Books	241 625						241 625																			
Other Assets	61 156 298	-	3 506 910	-	-	87 743	64 375 465	35 945 961	-	5 336 585	-	5 336 585	47 886	41 234 660	23 340 805	41 234 660	23 340 805	41 234 660	23 340 805	41 234 660	23 340 805	41 234 660	23 340 805	41 234 660	23 340 805	
Bins & Containers	397 578						551 670																			
Bulk Containers																										
Other Assets	941 489																									
Tip Sites	42 440						29 979																			
In & Outdoor Sport Facilities	13 538 565						296 181																			
Other Plant & Equipment																										
Laboratory Equipment							90 673																			
Office Equipment																										
Air Conditioners	645 563						389 329																			
Computer Hardware	7 488 170						812 928																			
Office Machines	1 054 431						127 005																			
Furniture & Fittings																										
Cabinets & Cupboards	4 306 960						372 745																			
Other Furniture	184 010						38 541																			
Vehicles																										
Motor Vehicles	2 213 708																									
Trucks & LDVs	22 310 034						376 603																			
Motor Cycles	318 871						32 026																			
Motor Cars	1 283 126																									
Tractors	1 881 191																									
Emergency Equipment																										
Equipment Fire	9 194 8						58 946																			
Plant & Equipment																										
Graders	1 975 520						204 574																			
Lawnmowers	203 765						62 539																			
Radio Equipment	606 939						81 710																			
Trailers	1 520 716						72 134																			
	683 175 362	-	60 442 375	39 483 823	87 743	742 148 817	221 387 102	-	28 982 677	47 886	-	28 982 677	47 886	-	28 982 677	47 886	-	28 982 677	47 886	-	28 982 677	47 886	-	28 982 677	47 886	

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value	
	Opening Balance	BiF	Adjustments	Work-in-Progress	Disposals	Closing Balance	BiF	Adjustments	Disposals	Closing Balance	R	R		
Land and Buildings	157 290 271	1 383 105	19 346 861	-	4 541	178 015 697	18 570 000	-	4 761 408	-	23 331 408	R	154 684 289	
Workshops & Depots	2 063 887	-	-	-	-	2 063 887	928 424	66 399	-	994 823	1 068 064	-	-	
Office Buildings	9 313 430	-	616 691	-	-	9 930 121	2 086 123	315 080	-	2 409 203	7 520 918	-	-	
Housing Schemes	128 122 000	-	18 730 170	-	-	14 970 689	4 346 900	25 000	-	19 317 579	127 534 791	-	-	
Buildings	855 441	-	-	-	-	855 441	553 322	-	-	576 322	277 118	-	-	
Municipal Flats	26 804	-	-	-	-	26 804	13 402	-	-	893	12 509	-	-	
Land	16 628 337	1 383 105	-	-	4 541	18 006 902	-	-	-	-	18 006 902	-	-	
PPE Buildings	280 373	-	-	-	-	280 373	8 039	-	-	9 346	262 988	-	-	
Infrastructure	340 212 489	-	23 332 198	11 480 192	-	375 024 879	135 656 302	2	16 175 518	-	151 831 822	R	223 193 056	
Sewers	40 078 577	-	3 236 021	-	-	43 314 598	16 288 447	0	1 547 171	-	17 835 119	-	25 478 980	
Sewerage Pumps	4 583 616	-	1 355 537	1 280 570	-	7 249 722	1 428 058	0	319 637	-	1 747 695	-	5 502 027	
Electricity	5 481 154	-	-	-	-	5 851 257	2 087 399	-	-	-	-	-	-	
Meters	91 850 139	-	6 941 563	269 453	-	99 061 155	28 748 690	0	4 191 823	-	32 040 513	-	66 120 642	
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	
Meters	3 515 134	-	-	-	-	3 515 134	1 803 871	0	2 10 622	-	2 014 493	-	1 500 641	
Reservoirs & Tanks	3 283 081	-	-	-	-	3 283 081	2 280 297	-	116 189	-	2 396 386	-	886 595	
Supply & Recirculation	102 671 286	-	6 296 684	6 506 455	-	115 474 425	33 775 121	0	4 798 912	-	38 571 334	-	76 900 092	
Lakes & Dams	774 837	-	-	-	-	774 837	314 226	-	27 572	-	341 398	-	432 039	
Workshops & Depots	640 411	-	134 800	-	-	775 211	94 180	-	15 047	-	107 227	-	667 984	
Road	50 740 450	-	3 210 867	-	-	53 651 317	36 982 819	1	2 423 278	-	38 386 98	-	14 568 219	
Bus Terminals	1 831 738	-	-	-	-	1 831 738	230 289	-	119 771	-	349 660	-	1 482 078	
Paving	5 330 533	-	816 186	2 628 135	-	8 772 954	2 357 944	0	461 170	-	2 819 114	-	5 955 840	
Pedestrian Footways	4 947 310	-	105 117	-	-	5 052 427	671 120	-	251 306	-	922 426	-	4 130 001	
Stormwater & Drains	13 788 664	-	729 735	-	-	14 518 399	945 781	0	675 387	-	5 624 169	-	8 894 230	
Street Lighting	3 596 125	-	-	173 339	-	3 774 464	831 887	0	144 163	-	976 650	-	2 797 814	
Taxi Ranks	3 205 875	-	-	-	-	3 205 675	489 697	0	213 725	-	703 422	-	2 502 454	
Traffic Signs & Lights	511 987	-	-	-	-	511 987	452 004	-	17 533	-	468 537	-	42 450	
Car Parks	751 897	-	-	-	-	751 897	517 490	-	27 511	-	545 001	-	206 896	
Floodlighting	440 965	-	-	-	-	440 965	240 228	-	22 048	-	262 276	-	176 690	
Security Measures	1 286 827	-	86 024	61 558	-	1 434 509	875 132	-	281 759	-	1 156 591	-	277 618	
Fencing	207 494	-	8 468	-	-	215 362	184 271	0	12 232	-	196 033	-	19 459	
Security Systems	1 293 889	-	11 493	555 582	-	1 260 364	77 351	0	23 123	-	100 474	-	1 160 489	
Community Assets	22 627 444	-1 383 105	1 193 210	505 742	-	22 043 292	6 533 154	-257 525	831 192	-	7 108 821	R	15 836 471	
Other Facilities	1 379 643	-	-	-	-	1 379 643	435 012	45 823	-	480 835	898 808	-	-	
Affiliation Blocks	730 202	-	-	-	-	730 202	315 458	23 976	-	339 434	390 768	-	-	
Clinics	926 456	-	549 818	-	-	1 476 274	255 218	43 989	-	298 607	1 177 667	-	-	
Fire Stations	1 947 853	-	69 935	-	-	2 017 788	755 004	64 928	-	859 932	1 157 856	-	-	
Libraries	2 977 059	-	397 880	22 617	-	3 397 556	509 090	100 287	-	609 377	2 788 178	-	-	
Public Convenience/Bathrooms	4 467 498	-	-	-	-	4 467 498	784 734	147 386	-	932 120	3 535 378	-	-	
Town Halls	6 733 221	-	-	413 190	-	7 146 411	2 368 388	314 720	-	2 683 108	4 463 303	-	-	
Indoor & Outdoor Facilities	1 871 148	-	-	-	-	1 871 148	40 546	6 221	-	4 676 7	140 382	-	-	
Cemeteries	7 557	-	-	-	-	7 557	1 041	252	-	1 293	6 264	-	-	
Pounds	12 558	-	-	-	-	12 558	6 279	419	-	6 698	5 860	-	-	
Nurseries	194 520	-	-	-	-	194 520	185 977	8 517	-	194 494	26	-	-	
Swimming Pool	1 141 136	-	-	-	-	1 141 135	515 311	54 026	-	569 337	572 498	-	-	
Parks	1 451 126	-1 383 105	-	241 512	-	68 021	3 301	-	-	374 317	361 610	-	-	
Slipways	448 901	-	-	4 000	-	690 413	11 288	15 220	-	26 408	66 005	-	-	
Community Centres	21 867	-	-	-	-	25 867	18 271	2 227	-	20 998	4 866	-	-	
Security Systems	-	-	-	-	-	-	-	-	-	-	-	-	-	
Lease Assets	2 888 000	2 496 635	-	-	-	5 292 635	1 937 023	256 462	829 266	-	3 022 751	R	2 268 884	
Office Equipment	2 886 000	2 496 635	-	-	-	5 292 635	1 937 023	256 462	829 266	-	3 022 751	-	2 268 884	

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Reconciliation of Carrying Value

	Cost			Accumulated Depreciation			Carrying Value	
	Beginning Balance	Adjustments	Work-in-Progress	Disposals	Opening Balance	Adjustments	Disposals	Closing Balance
	R	R	R	R	R	R	R	R
Heritage Assets	649 194	-	77 416	15 052	-	742 562	148 399	594 163
Art	10 305	-	58 995	-	69 300	-	-	66 300
Museums	397 264	-	15 952	-	413 216	-	-	268 817
Monuments	-	18 421	-	-	18 421	-	-	18 421
Books	241 625	-	-	-	241 625	-	-	241 625
Other Assets	52 310 811	-129 335	9 980 257	146 177	1 151 612	61 156 298	32 186 314	35 945 961
Bins & Containers	397 578	-	-	-	397 578	266 657	0	324 599
Bulk Containers	-	-	-	-	-	-	-	72 779
Other Assets	795 312	-	146 177	-	941 489	347 133	36 651	385 784
Tip Tires	42 440	-	2 185 958	-	42 440	24 961	3 660	28 321
In & Outdoor Sport Facilities	11 380 263	-5 249	33 900	-	13 338 565	7950 572	-5 246	9 156
Other Plant & Equipment	56 773	-	-	-	30 183	-	-	39 476
Laboratory Equipment	-	-	-	-	-	-	-	51 198
Office Equipment	-	-	-	-	-	-	-	-
Air Conditioners	521 971	-	123 592	-	645 563	243 349	-	320 015
Computer Hardware	7 418 766	-29 064	357 787	-	7 488 170	5 087 159	-29 036	5 666 294
Office Machines	881 039	-2 746	177 035	-	897	1 054 431	-2 744	886
Furniture & Fittings	-	-	-	-	-	-	-	780 462
Cabinets & Cupboards	3 850 490	-14 182	471 126	-	4 306 860	968 023	-14 154	3 294 970
Other Furniture	184 010	-	-	-	184 010	171 395	7 045	178 440
Vehicles	-	-	-	-	-	-	-	571
Motor Vehicles	1 877 948	-	459 673	-	2 213 708	542 425	96 752	1 683 879
Trucks & LDVs	17 603 353	-5 403 233	636 552	-	22 370 034	9 803 506	1 789 601	10 956 560
Motor Cycles	247 818	-71 053	-	-	318 671	198 539	42 448	240 687
Motor Cars	1 240 874	-67 330	109 582	-	1 283 126	611 898	-19 237	753 777
Tractors	1 781 642	-208 000	-	-	1 881 491	994 373	132 744	1 018 967
Emergency Equipment	-	-	-	-	-	-	-	86 523
Equipment Fire	41 788	-	50 160	-	91 948	14 315	9 889	-
Plant & Equipment	-	-	-	-	-	-	-	24 204
Graders	1 837 171	-10 000	148 649	-	-	1 975 820	608 005	131 913
Lawnmowers	156 576	-47 189	47 189	-	-	203 765	129 524	-
Radio Equipment	565 427	-42 276	-	-	-	606 339	449 418	-62 595
Trailers	1 429 672	-764	91 044	-	-	1 520 716	1 049 086	-7 268
	575 976 210	2 277 300	53 929 942	12 148 063	1 156 153	643 175 362	195 031 191	27 554 991
						-89 505	27 554 991	1 109 515
								221 387 162
								421 788 200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12 PROPERTY, PLANT AND EQUIPMENT

Kymsa Municipality

30 JUNE 2010

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value		
	Opening Balance	BiF Adjustments	Cost R	Work-in- Progress	Disposals	R	Opening Balance	BiF Adjustments	Disposals	R	Disposals	R	Closing Balance	R	R
Land and Buildings															
Land and Buildings	178 015 697	1 818 085	-	-	-	-	179 833 782	23 331 408	-	-	5 324 285	-	28 655 693	151 178 090	
Workshops & Depots	2 063 887	1 818 085	-	-	-	-	2 063 887	934 823	66 332	1 061 155	2 737 169	24 212 500	2 737 169	1 002 732	
Office Buildings	9 830 121	-	-	-	-	-	11 748 206	2 409 203	327 966	9 011 037	122 640 020	603 99	122 640 020	122 640 020	
Housing Schemes	146 852 170	-	-	-	-	-	146 852 170	19 317 379	4 894 771	146 852 170	24 212 500	24 212 500	252 141	252 141	
Buildings	855 441	-	-	-	-	-	855 441	578 322	29 197	15 188	15 188	15 188	11 616	11 616	
Municipal Flats	26 804	-	-	-	-	-	26 804	14 295	893	-	-	-	18 006 902	18 006 902	
Land	18 006 902	-	-	-	-	-	18 006 902	-	-	-	-	-	-	-	
PPE Buildings	280 373	-	-	-	-	-	280 373	17 385	9 346	-	26 731	-	255 642	255 642	
Infrastructure															
Sewers	43 314 598	304 409	-	-	-	-	43 619 008	17 835 619	1 713 521	19 549 439	19 549 439	19 549 439	24 069 569	24 069 569	
Sewage Pumps	7 249 722	55 699	-	-	-	-	7 305 421	1 747 685	386 860	2 129 556	2 129 556	2 129 556	5 176 865	5 176 865	
Electricity	5 851 257	-	-	-	-	-	5 851 257	2 361 438	292 524	2 650 962	2 650 962	2 650 962	3 197 295	3 197 295	
Meters	99 061 155	11 282 590	1 918 180	-	-	-	112 267 925	3 940 513	4 484 815	-	37 423 228	-	74 836 597	74 836 597	
Supply & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Water	3 515 134	-	-	-	-	-	3 515 134	2 014 493	209 756	2 224 449	2 224 449	2 224 449	1 290 885	1 290 885	
Reservoirs & Tanks	3 283 081	-	-	324 684	-	-	3 286 765	2 366 486	516 189	2 512 675	2 512 675	2 512 675	1 095 090	1 095 090	
Supply & Reticulation	115 474 425	23 496 238	36 855 1628	-	-	-	175 222 291	38 74 334	5 420	44 100 754	44 100 754	44 100 754	131 721 537	131 721 537	
Lakes & Dams	774 837	-	-	-	-	-	774 837	341 798	27 572	369 370	369 370	369 370	405 467	405 467	
Workshops & Depots	775 211	-	-	-	-	-	775 211	107 227	15 504	122 311	122 311	122 311	65 480	65 480	
Road	53 951 317	3 443 549	-	-	-	-	57 404 866	39 386 098	2 358 812	41 744 866	41 744 866	41 744 866	16 658 956	16 658 956	
Bus Terminals	8 831 738	-	-	-	-	-	8 831 738	1 831 738	119 371	469 031	469 031	469 031	1 362 707	1 362 707	
Paving	8 774 954	3 577 466	-	144 210	-	-	12 396 531	2 819 114	585 111	3 404 225	3 404 225	3 404 225	9 092 405	9 092 405	
Pedestrian Footways	5 052 427	-	-	-	-	-	5 052 427	922 426	253 220	688 816	688 816	688 816	3 877 381	3 877 381	
Stormwater & Drains	14 518 399	3 296 745	-	-	-	-	17 615 144	524 169	6 309 184	11 505 160	11 505 160	11 505 160	1 170 254	1 170 254	
Street Lighting	3 774 464	1 914 868	-	-	-	-	5 689 332	976 650	193 604	2 122 311	2 122 311	2 122 311	4 519 078	4 519 078	
Taxi Ranks	3 205 875	-	-	-	-	-	3 205 875	703 422	213 725	483 858	483 858	483 858	2 288 729	2 288 729	
Traffic Signs & Lights	511 987	-	-	-	-	-	511 987	469 537	14 321	574 539	574 539	574 539	28 129	28 129	
Car Parks	751 897	-	-	-	-	-	751 897	545 001	25 538	309 985	309 985	309 985	664 022	664 022	
Floodlighting	440 965	3 079 369	-	-	-	-	3 520 334	262 276	47 709	-	-	-	3 210 350	3 210 350	
Security Measures	1 434 509	163 604	-	-	-	-	1 598 113	1 166 891	154 441	1 311 332	1 311 332	1 311 332	286 782	286 782	
Fencing	215 962	-	-	-	-	-	215 962	196 503	4 672	201 175	201 175	201 175	14 787	14 787	
Security Systems	1 260 964	1 305 810	-	-	-	-	2 566 774	100 474	36 706	139 180	139 180	139 180	2 427 593	2 427 593	
Community Assets															
Other Facilities	22 943 292	-	1 073 708	250 121	-	-	24 267 120	7 106 821	-	-	880 071	-	7 988 892	16 280 228	
Ablution Blocks	1 379 643	-	-	-	-	-	1 379 643	480 835	45 823	526 658	526 658	526 658	852 985	852 985	
Clinics	730 202	-	-	-	-	-	730 202	339 434	23 644	367 124	367 124	367 124	345 078	345 078	
Fire Stations	1 476 274	-	-	-	-	-	1 510 616	298 607	46 626	626	626	626	1 165 383	1 165 383	
Libraries	2 017 788	-	-	-	-	-	2 222 887	859 932	64 928	924 860	924 860	924 860	1 305 027	1 305 027	
Public Conveniences	3 397 556	-	-	-	-	-	3 836 088	609 377	112 985	722 362	722 362	722 362	3 113 226	3 113 226	
Bathrooms	4 467 498	-	-	-	-	-	4 467 498	147 386	147 386	1 079 506	1 079 506	1 079 506	3 387 992	3 387 992	
Town Halls	7 146 114	-	-	-	-	-	7 787 266	263 108	349 599	3 032 077	3 032 077	3 032 077	4 754 559	4 754 559	
Indoor & Outdoor Facilities	187 148	-	-	-	-	-	187 148	46 767	621	52 988	52 988	52 988	134 161	134 161	
Cemetries	7 557	-	-	-	-	-	7 557	1 283	252	1 545	1 545	1 545	6 012	6 012	
Pounds	12 558	-	-	-	-	-	12 558	6 698	419	7 117	7 117	7 117	5 441	5 441	
Nurseries	194 520	-	-	-	-	-	194 520	194 494	194 494	194 494	194 494	194 494	26	26	
Swimming Pool	1 141 635	-	-	-	-	-	1 141 635	569 337	54 026	623 363	623 363	623 363	518 472	518 472	
Parks	68 021	-	-	-	-	-	68 021	37 411	3 401	40 812	40 812	40 812	27 209	27 209	
Shipways	690 413	-	-	-	-	-	690 413	26 408	23 014	49 422	49 422	49 422	640 991	640 991	
Community Centres	25 867	-	-	-	-	-	25 867	20 938	1 747	22 745	22 745	22 745	3 121	3 121	
Security Systems	5 292 635	-	1 312 410	-	-	-	6 005 045	3 022 751	-	-	980 282	-	4 003 033	2 602 012	
Lease Assets	5 292 635	-	1 312 410	-	-	-	6 005 045	3 022 751	-	-	980 282	-	4 003 033	2 602 012	
Office Equipment	5 292 635	-	-	-	-	-	6 005 045	3 022 751	-	-	980 282	-	4 003 033	2 602 012	

12 PROPERTY, PLANT AND EQUIPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Reconciliation of Carrying Value

	Before	Cost	Work-in-Progress	Disposals	Opening Balance	Depreciation	Eff.	Accumulated Depreciation	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Heritage Assets	742 562	-	14 250	-	-	756 812	148 399	-	1 548	-
Art	69 300				69 300	427 366	148 399		1 180	1 180
Museums	413 216				413 216	18 421				413 216
Monuments	18 421				18 421					18 421
Books	241 625				241 625					241 625
Other Assets	61 156 298	-	3 468 369	-	87 743	64 536 324	35 945 961	-	5 335 985	47 886
Bins & Containers	397 578				551 670	949 248	324 599		96 233	423 832
Bulk Containers						941 489	385 784			525 416
Other Assets	941 489					941 489	385 784			525 416
Tip Sites	29 979				29 979	72 419	28 521		37 399	423 183
In & Outdoor Sport Facilities	296 181				296 181	30 381	13 004 365		4 620	518 306
Other Plant & Equipment	13 538 565				13 538 565	90 673	8 840 818		1 132 051	33 141
Laboratory Equipment	90 673				90 673	39 476			14 966	384 096
Office Equipment	-									38 732
Air Conditioners	645 563				389 329	28 214	1 034 892		85 665	554 442
Computer Hardware	7 488 170				812 928	5 666 294	8 272 884		731 523	628 212
Office Machines	127 005				127 005	20 137	1 161 299		14 375	1 889 441
Furniture & Fittings	-						780 462		87 784	854 336
Cabinets & Cupboards	3 727 45				3 034	4 676 671	3 284 970		345 589	3 637 561
Other Furniture	184 010					184 010	178 440		2 112	1 038 110
Vehicles	-									3 459
Motor Vehicles	2 213 708					2 213 708	529 828			-
Trucks & LDVs	22 310 034				376 603	22 146 537	10 986 560		107 213	1 576 666
Motor Cycles	318 871				32 026	350 597	240 687		1 986 590	9 791 487
Motor Cars	1 283 126					1 283 126	753 777		42 374	283 061
Tractors	1 881 1491					1 881 1491	1 018 967		147 635	901 412
Emergency Equipment	-								141 522	1 160 489
Equipment Fire	9 194 8					58 946	150 594		17 602	721 001
Plant & Equipment	-								41 806	-
Graders	197 5320					204 574	3 772		146 450	876 369
Lawnmowers	203 765					62 539	2 176 623		55 278	1 300 254
Radio Equipment	606 939					81 710	2 205		38 247	224 378
Trailers	1 520 716					72 134	1 592 250		102 132	547 294
	643 175 362	-	60 103 834	39 483 823	87 743	742 080 276	221 387 162	-	29 982 077	47 886
										251 327 353
										491 352 923

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Reconciliation of Carrying Value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	30 JUNE 2009										30 JUNE 2010											
	Opening Balance					B/F					Cost					Accumulated Depreciation					Carrying Value	
	R	R	Adjustments	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	157 290 271	1 383 105	19 346 861	-	-	4 541	178 015 697	18 570 000	-	-	4 761 408	-	-	23 331 408	154 684 289	-	-	-	-	39 857	-251 323 154	
Workshops & Depots	2 063 887	-	-	-	-	-	-	2 063 887	928 424	928 424	66 399	-	-	994 823	1 065 064	-	-	-	-	994 823	1 065 064	
Office Buildings	9 313 330	-	616 691	-	-	-	9 930 121	2 066 123	2 409 303	2 409 303	7 529 18	-	-	19 317 379	127 534 791	-	-	-	-	19 317 379	127 534 791	
Housing Schemes	128 122 000	-	18 730 170	-	-	-	14 652 170	14 970 689	4 346 690	4 346 690	578 322	-	-	14 295	125 509	-	-	-	-	14 295	125 509	
Buildings	855 441	-	-	-	-	-	855 441	563 322	25 000	25 000	-	-	-	-	-	-	-	-	-	578 322	125 509	
Municipal Flats	26 804	-	-	-	-	-	26 804	13 402	893	893	-	-	-	-	-	-	-	-	-	14 295	125 509	
Land	16 628 337	1 383 105	-	-	-	4 541	18 006 902	-	-	-	-	-	-	-	-	-	-	-	-	-	18 006 902	-
PP Building	280 373	-	-	-	-	-	280 373	8 039	9 346	9 346	-	-	-	-	-	-	-	-	-	17 385	262 988	
Infrastructure	340 212 489	-	23 332 198	11 480 192	-	-	375 028 879	159 656 302	2	16 751 518	-	-	151 831 822	223 194 056	-	-	-	-	-	-	-	
Sewers	40 078 577	-	3 236 021	-	1 385 537	1 280 570	-	43 314 598	16 288 447	0	1 547 771	-	-	17 835 619	-	-	-	-	-	-	25 478 980	
4 563 615	-	-	-	-	-	-	-	7 249 722	1 428 058	0	319 637	-	-	1 747 695	5 502 027	-	-	-	-	-	-	
Electricity	5 481 554	-	389 703	-	6 941 563	269 453	-	5 861 257	2 087 399	0	274 039	-	-	2 361 438	3 488 819	-	-	-	-	-	3 488 819	66 120 642
91 650 139	-	-	-	-	-	-	-	99 061 155	28 748 690	0	4 191 823	-	-	32 940 513	-	-	-	-	-	-	-	
Water	3 515 134	-	-	-	-	-	-	3 515 134	1 803 871	0	210 622	-	-	2 014 493	1 500 641	-	-	-	-	-	2 014 493	1 500 641
3 283 081	-	-	-	-	-	-	-	3 283 081	2 80 297	0	1 16 189	-	-	2 396 186	888 595	-	-	-	-	-	-	-
102 671 286	-	-	-	-	-	-	-	115 744 425	33 775 121	0	4 798 212	-	-	38 747 334	79 000 92	-	-	-	-	-	-	-
Reservoirs & Tanks	774 837	-	-	-	-	-	-	774 837	314 226	0	27 572	-	-	341 798	43 039	-	-	-	-	-	66 120 642	
Supply & Reticulation	640 411	-	134 800	-	3 210 867	-	-	775 211	94 180	0	15 047	-	-	107 227	66 984	-	-	-	-	-	66 984	
50 740 450	-	-	-	-	-	-	-	53 051 117	36 962 819	1	2 422 278	-	-	39 388 098	14 566 219	-	-	-	-	-	-	-
Bus Terminals	1 631 738	-	-	-	-	-	-	1 631 738	1 230 289	0	1 16 371	-	-	348 660	1 482 078	-	-	-	-	-	-	-
5 330 633	-	-	-	-	-	-	-	8 774 954	2 357 944	0	461 260	-	-	2 819 114	5 955 840	-	-	-	-	-	-	-
Paving	4 947 310	-	105 117	-	729 735	-	-	5 052 427	671 120	0	251 306	-	-	522 426	4 130 001	-	-	-	-	-	-	-
Pedestrian Footways	13 788 664	-	-	-	-	-	-	14 518 399	4 945 781	0	675 387	-	-	5 624 169	8 894 230	-	-	-	-	-	-	-
Lakes & Dams	3 596 125	-	-	-	-	-	-	3 774 464	831 887	0	144 163	-	-	976 650	2 797 814	-	-	-	-	-	-	-
Workshops & Depots	3 205 875	-	-	-	-	-	-	3 205 875	4 69 697	0	213 725	-	-	703 422	2 502 454	-	-	-	-	-	-	-
Road	511 987	-	-	-	-	-	-	511 987	4 52 004	0	17 533	-	-	468 537	42 150	-	-	-	-	-	-	-
Bus Terminals	751 897	-	-	-	-	-	-	751 897	5 17 490	0	27 511	-	-	545 001	206 996	-	-	-	-	-	-	-
Car Parks	440 965	-	-	-	-	-	-	440 965	240 228	0	22 048	-	-	262 276	176 690	-	-	-	-	-	-	-
Street Lighting	1 286 327	-	86 024	61 658	-	-	1 434 509	875 132	0	281 759	-	-	1 156 891	277 618	-	-	-	-	-	1 156 891	277 618	
Taxi Ranks	207 494	-	8 488	555 882	-	1 1 493	1 260 964	1 215 862	1 64 271	0	12 232	-	23 123	199 503	194 503	-	-	-	-	100 474	1 160 489	
Retaining Walls	693 889	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22 627 444	-1 383 105	1 193 210	505 142	-	-	-	22 943 292	6 533 154	-257 525	831 192	-	-	7 106 821	15 836 471	-	-	-	-	-	-	-	
Community Assets	Other Facilities	1 379 643	-	-	-	-	-	1 379 643	435 012	45 823	-	-	480 835	898 808	-	-	-	-	-	898 808	898 808	
Abolition Blocks	730 202	-	549 818	-	-	-	-	730 202	315 458	23 376	-	-	339 434	390 768	-	-	-	-	-	-	-	
Clinics	926 456	-	-	-	-	-	-	1 476 274	255 218	43 389	-	-	298 607	1 177 667	-	-	-	-	-	-	-	
Libraries	1 947 853	-	-	-	-	-	-	2 017 788	785 004	64 928	-	-	859 932	1 157 856	-	-	-	-	-	-	-	
Public Conveniences	2 977 059	-	397 880	22 617	-	-	-	3 397 256	509 090	100 287	-	-	609 377	2 788 178	-	-	-	-	-	-	-	
Bathrooms	4 467 498	-	-	-	-	-	-	4 467 498	764 734	147 386	-	-	932 120	3 533 378	-	-	-	-	-	-	-	
Town Halls	6 733 221	-	-	-	-	-	-	7 146 411	2 368 388	314 120	-	-	2 683 108	4 463 303	-	-	-	-	-	-	-	
Indoor & Outdoor Facilities	187 148	-	-	-	-	-	-	187 148	40 546	6 221	-	-	4 463 303	146 382	-	-	-	-	-	-	-	
Cemeteries	7 557	-	-	-	-	-	-	7 557	1 041	252	-	-	1 293	6 264	-	-	-	-	-	-	-	
Pounds	12 558	-	-	-	-	-	-	12 558	6 279	419	-	-	6 698	5 860	-	-	-	-	-	-	-	
Nurseries	194 520	-	-	-	-	-	-	194 520	185 977	8 517	-	-	194 494	194 494	-	-	-	-	-	-	-	
Swimming Pool	1 141 635	-	-	-	-	-	-	1 141 635	515 311	565 337	-	-	565 337	572 498	-	-	-	-	-	-	-	
Parks	1 451 126	-1 383 105	-	241 512	4 000	-	-	68 021	291 535	3 101	-	-	3 101	3 101	-	-	-	-	-	3 101	3 101	
Shirows	448 901	-	-	-	-	-	-	690 413	11 288	16 271	-	-	16 271	26 408	-	-	-	-	-	26 408	66 005	
Community Centres	21 867	-	-	-	-	-	-	25 867	18 271	2 227	-	-	2 227	20 998	-	-	-	-	-	20 998	4 868	
Security Systems	2 886 000	2 406 635	-	-	-	-	-	5 292 635	1 937 023	256 462	829 266	-	-	3 022 751	2 268 884	-	-	-	-	-	2 268 884	2 268 884
Lease Assets	2 886 000	2 406 635	-	-	-	-	-	5 292 635	1 937 023	256 462	829 266	-	-	3 022 751	2 268 884	-	-	-	-	-	3 022 751	2 268 884
Office Equipment	2 886 000	2 406 635	-	-	-	-	-	5 292 635	1 937 023	256 462	829 266	-	-	3 022 751	2 268 884	-	-	-	-	-	3 022 751	2 268 884

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2009

Reconciliation of Carrying Value

	Cost	Accumulated Depreciation	Carrying Value					
	BEF	BEF						
	Opening Balance	Adjustments	Disposals	Opening Balance	Adjustments	Disposals	Closing Balance	R
Heritage Assets								
Art	649 194	-	77 416	15 052	-	742 562	148 399	-
Museums	10 305	-	58 995	-	69 300	-	-	148 399
Monuments	397 264	-	15 952	-	413 216	-	-	148 399
Books	24 1625	-	18 421	-	18 421	-	-	148 399
Other Assets	52 310 811	-129 335	9 980 257	146 177	1 151 612	61 156 298	32 186 314	-88 444
Bins & Containers	397 578	-	-	-	397 578	266 657	0	57 942
Bulk Containers	-	-	-	-	-	-	-	324 599
Other Assets	795 312	-	146 177	-	941 489	347 133	36 651	-
Tip Tires	11 424 440	-	2 185 958	-	42 440	24 961	3 660	385 784
In & Outdoor Sport Facilities	11 380 263	-5 249	33 900	-	13 538 565	7950 572	-5 246	28 321
Other Plant & Equipment	56 773	-	-	-	30 183	9 293	-	4 697 748
Laboratory Equipment	-	-	-	-	-	-	-	51 198
Office Equipment	-	-	-	-	-	-	-	-
Air Conditioners	521 971	-	123 592	-	645 563	243 349	-	320 015
Computer Hardware	7 418 766	-29 064	357 787	-	7 488 170	5 087 159	-29 036	5 666 294
Office Machines	881 039	-2 746	177 035	-	1 054 431	695 785	-2 744	886
Furniture & Fittings	-	-	-	-	-	-	-	780 462
Cabinets & Cupboards	3 850 490	-14 182	471 126	-	4 306 860	968 023	-14 154	3 294 970
Other Furniture	184 010	-	-	-	184 010	171 395	7 045	178 440
Vehicles	-	-	-	-	-	-	-	571
Motor Vehicles	1 877 948	-	459 673	-	2 213 708	542 425	-	529 828
Trucks & LDVs	17 603 353	-5 403 233	636 552	-	22 370 334	9 803 506	-	10 956 560
Motor Cycles	247 818	-71 053	-	-	318 871	198 539	-42 448	240 687
Motor Cars	1 240 874	-67 330	109 582	-	1 283 126	611 898	-19 237	753 777
Tractors	1 781 642	-208 000	-	-	1 881 491	994 373	132 744	1 018 967
Emergency Equipment!	-	-	-	-	-	-	-	86 523
Equipment Fire	41 788	-	50 160	-	-	91 948	14 315	-
Plant & Equipment	-	-	-	-	-	-	-	24 204
Graders	1 837 171	-10 000	148 649	-	-	1 975 820	608 005	-9 899
Lawnmowers	156 576	-47 189	42 276	-	-	202 765	129 524	-41 576
Radio Equipment	565 427	-764	-	-	-	806 339	449 418	-62 595
Trailers	1 429 672	-91 044	-	-	-	1 520 716	1 049 086	-76 268
	575 976 210	2 277 300	53 929 942	12 148 063	1 156 153	643 175 362	195 031 191	-89 505
								27 554 991
								1 109 515
								221 387 162
								421 788 200

12 PROPERTY, PLANT AND EQUIPMENT

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Property, Plant and Equipment financed by way of finance leases;

Property, Plant and Equipment financed by way of provisions;

Property, Plant and Equipment transferred as a result of the transfer of functions; and

Component parts of infrastructure assets.

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010/2011 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will revalue accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality therefore utilised the transitional provision in the following areas:

• Review of useful life of item of PPE

• Review of the depreciation method applied

• Review of residual values of item of PPE recognised in the annual financial statements.

• Impairment of non-cash generating assets.

• Impairment of cash generating assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Economic Entity	Knysna Municipality
		2010 R	2009 R
12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Fully Depreciated assets still in use were as follows:			
Cost	68 598 878	68 007 739	68 598 878
Land and Buildings	277 059	277 059	277 059
Infrastructure	49 190 862	49 190 862	49 190 862
Community Assets	648 872	648 872	648 872
Other	18 482 086	17 890 947	18 482 086
Accumulated depreciation	68 590 322	67 999 181	68 590 322
Land and Buildings	277 048	277 048	277 048
Infrastructure	49 190 333	49 190 333	49 190 333
Community Assets	648 853	648 853	648 853
Other	18 474 089	17 882 948	18 474 089
Carrying value	8 556	8 558	8 556
Carrying value of assets retired from active use and held for disposal:	-	-	-
Carrying value of temporarily idle property plant and equipment:	-	-	-
Assets pledged as security:	-	-	-
Third party payments received for losses incurred:			
Payments received (Excluding VAT)	429 835	309 486	429 835
13 NON-CURRENT ASSETS HELD FOR SALE			
Non-current assets held for sale at beginning of year - at book value	19 209	5 171	19 209
Additions for the year	6	14 038	6
Non-current assets sold/written off during the year	19 215	19 209	19 215
Non-current assets held for sale at end of year - at book value	19 215	19 209	19 215
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 52			
14 INVESTMENT PROPERTY			
Net Carrying amount at 1 July	108 589	115 142	108 589
Cost	196 696	196 696	196 696
Accumulated Depreciation	(88 108)	(81 554)	(88 108)
Depreciation for the year	(6 365)	(6 553)	(6 365)
Net Carrying amount at 30 June	102 224	108 589	102 224
Cost	196 696	196 696	196 696
Accumulated Depreciation	(94 473)	(88 108)	(94 473)
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities - Note 52			
Revenue derived from the rental of investment property	634 211	469 937	634 211
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.			
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
Estimated Fair Value of Investment Property at 30 June	22 392 000	22 392 000	22 392 000
Fully Depreciated Investment Properties still in use were as follows:			
Cost	93	93	93
Land and Buildings	93	93	93
Accumulated depreciation	92	92	92
Land and Buildings	92	92	92
Carrying value	1	1	1
15 INTANGIBLE ASSETS			
Computer Software			
Net Carrying amount at 1 July	411 578	656 608	411 578
Cost	2 315 638	2 301 735	2 315 638
Accumulated Amortisation	(1 904 060)	(1 645 127)	(1 904 060)
Rounding adjustments	16	16	16
Acquisitions	-	13 904	-
Amortisation	(234 079)	(259 943)	(234 079)
Correction of prior year depreciation charge - Note 35.09	1 010	1 010	(259 943)
Net Carrying amount at 30 June	177 516	411 578	177 516
Cost	2 315 638	2 315 638	2 315 638
Accumulated Amortisation	(2 138 123)	(1 904 060)	(2 138 123)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

15 INTANGIBLE ASSETS (CONTINUED)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 52.02

The following material intangible assets are included in the carrying value above:

Description	Remaining Amortisation Period	Economic Entity		Knysna Municipality	
		2010 R	2009 R	2010 R	2009 R
Computer software		177 516	411 578	177 516	411 578

No intangible asset were assessed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R

Fully amortised intangible assets still in use were as follows:

Cost	1 118 710	857 790	1 118 710	857 790
Land and Buildings	1 118 710	857 790	1 118 710	857 790
Accumulated depreciation	1 118 672	857 761	1 118 672	857 761
Land and Buildings	1 118 672	857 761	1 118 672	857 761
Carrying value	38	30	38	30

16 NON-CURRENT INVESTMENTS

Unlisted

Investment in Entity - Knysna Economic Development Agency

Other Fixed Deposits - at fair value

Less: Provision for impairment - Knysna Economic Development Agency

Total Non-Current Investments

The average interest rate was 8,04% (2009: 11,25%).

Investments made to serve as collateral security for staff housing loans:

13 295 233	11 819 108	13 513 276	11 819 108
13 295 233	11 819 108	218 042 13 295 234	11 819 108
-		(218 041)	
13 295 233	11 819 108	13 295 235	11 819 108

Fixed Deposits of R 13,277,790 (2009: R 11,787,694) have been pledged to DBSA as guarantees on external loans taken up.

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

The investment in the entity has been impaired by the Knysna Municipality due to uncertainty whether there will be any refund in the future.

17 LONG TERM RECEIVABLES

Land Sales - Morcana Investments

186 062 - 186 062 -

Staff Housing loans - At amortised cost

37 061 37 061 52 099 52 099

Old Age Homes - At amortised cost

1 561 851 1 561 851 1 658 360 1 658 360

Capitalised Arrears - Housing

- 5 272 - 5 272

Sundry deposits - At amortised cost

6 800 5 800 6 800 5 800

1 791 774 1 721 531 1 791 774 1 721 531

(8 312) (11 677) (8 312) (11 677)

Less: Unamortised Discount on Loans

(11 677) (16 695) (11 677) (16 695)

Balance 1 July

3 365 5 018 3 365 5 018

Adjustment for the period

(118 433) (120 662) (118 433) (120 662)

Less: Current portion transferred to current receivables

(18 047) (18 812) (18 047) (18 812)

Staff Loans - At amortised cost

(100 386) (101 851) (100 386) (101 851)

Old Age Homes - At amortised cost

1 665 029 1 600 868 1 665 029 1 600 868

Less: Provision for Impairment of Long Term Receivables

(1 202 511) (1 260 666) (1 202 511) (1 260 666)

Total Long Term Receivables

462 518 328 525 462 518 328 525

The provision for doubtful debts on other debtors (loans and receivables) exists due to the possibility that not all these debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The total amount of the provision for doubtful debts created is R 1 202 511 (2009: R 1 260 666) and the following loans and receivables are included therein:

Old Age Homes - At amortised cost

1 202 511 1 260 666 1 202 511 1 260 666

Total Provision for Bad Debts on Other

1 202 511 1 260 666 1 202 511 1 260 666

Reconciliation of Provision for Bad Debts

Balance at beginning of year

1 260 666 703 071 1 260 666 703 071

Contribution/(Reduction) to provision

(58 155) 557 595 (58 155) 557 595

Balance at end of year

1 202 511 1 260 666 1 202 511 1 260 666

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

17 LONG TERM RECEIVABLES (CONTINUED)

STAFF HOUSING LOANS

Staff housing loans are no longer granted. The outstanding amount relates to prior years and is still collectable. Interest is being charged at 4% to 13.5% per annum and the carrying value equals the discounted amount using the effective interest rate.

OLD AGE HOMES

New loans are not granted to organisations. The loans are repayable over periods up to forty years at a rate of 1% per annum.

Economic Entity		Knysna Municipality	
2010 R	2009 R	2010 R	2009 R

18 INVENTORY

Consumable Stores - Stationery and materials - At cost	589 226	573 542	589 226	573 542
Maintenance Materials - At cost	728 575	1 456 242	728 575	1 456 242
Water - At purification cost	363 718	284 547	363 718	284 547
Spare parts - At cost	3 085	5 521	3 085	5 521
Total Inventory	1 684 605	2 319 852	1 684 605	2 319 852

Consumable stores materials written down due to losses as identified during the annual stores counts.	9 433	17 979	9 433	17 979
Consumable stores materials surpluses identified during the annual stores counts.	23 247	45 043	23 247	45 043
Inventory recognised as an expense during the year	13 726 956	7 274 133	13 726 956	7 274 133
Dormant and slow moving inventory at year-end	162 235	185 629	162 235	185 629

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 52.03

19 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Economic Entity

As at 30 June 2010	PROVISION		NETT BALANCES R
	GROSS BALANCES R	FOR IMPAIRMENTS R	
Electricity	19 239 693	1 218 798	18 020 896
Water	17 546 792	8 205 376	9 341 416
Housing Rentals	2 967 715	2 210 825	756 890
Refuse	8 656 068	5 461 843	3 194 225
Sewerage	8 206 900	4 430 925	3 775 975
Other Arrears	4 315 998		4 315 998
Total : Trade receivables from exchange transactions	60 933 166	21 527 766	39 405 400

As at 30 June 2009

Electricity	16 404 556	1 577 715	14 826 841
Water	14 554 669	6 424 516	8 130 153
Housing Rentals	2 618 122	1 179 056	1 439 065
Refuse	8 064 262	3 705 322	4 358 940
Sewerage	8 257 928	4 337 896	3 920 032
Other Arrears	3 774 164	1 481 580	2 292 584
Correction of error - Note 35.04	254 911		254 911
Total : Trade receivables from exchange transactions	53 928 612	18 706 087	35 222 526

Knysna Municipality

As at 30 June 2010	PROVISION		NETT BALANCES R
	GROSS BALANCES R	FOR IMPAIRMENTS R	
Electricity	19 239 693	1 218 798	18 020 896
Water	17 546 792	8 205 376	9 341 416
Housing Rentals	2 967 715	2 210 825	756 890
Refuse	8 656 068	5 461 843	3 194 225
Sewerage	8 206 900	4 430 925	3 775 975
Other Arrears	4 315 998		4 315 998
Total : Trade receivables from exchange transactions	60 933 166	21 527 766	39 405 400

As at 30 June 2009

Electricity	16 404 556	1 577 715	14 826 841
Water	14 554 669	6 424 516	8 130 153
Housing Rentals	2 618 122	1 179 056	1 439 065
Refuse	8 064 262	3 705 322	4 358 940
Sewerage	8 257 928	4 337 896	3 920 032
Other Arrears	3 774 164	1 481 580	2 292 584
Correction of error - Note	254 911		254 911
Total : Trade receivables from exchange transactions	53 928 612	18 706 087	35 222 526

The fair value of other receivables approximate their carrying value.

19

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	11 981 987	10 576 950	11 981 987	10 576 950	
31 - 60 Days	2 699 038	2 263 073	2 699 038	2 263 073	
61 - 90 Days	832 472	577 043	832 472	577 043	
+ 90 Days	3 726 195	2 987 490	3 726 195	2 987 490	
Total	19 239 693	16 404 556	19 239 693	16 404 556	

(Water): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	2 022 861	2 656 292	2 022 861	2 656 292	
31 - 60 Days	1 534 215	1 242 078	1 534 215	1 242 078	
61 - 90 Days	912 180	597 802	912 180	597 802	
+ 90 Days	13 077 535	10 058 497	13 077 535	10 058 497	
Total	17 546 791	14 554 669	17 546 791	14 554 669	

(Refuse): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	737 658	1 237 999	737 658	1 237 999	
31 - 60 Days	396 657	424 580	396 657	424 580	
61 - 90 Days	288 301	305 476	288 301	305 476	
+ 90 Days	7 233 452	6 096 207	7 233 452	6 096 207	
Total	8 656 068	8 064 262	8 656 068	8 064 262	

(Sewerage): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	508 903	1 022 155	508 903	1 022 155	
31 - 60 Days	319 111	443 846	319 111	443 846	
61 - 90 Days	252 563	312 160	252 563	312 160	
+ 90 Days	7 126 322	6 479 768	7 126 322	6 479 768	
Total	8 206 900	8 257 928	8 206 900	8 257 928	

(Housing): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	162 996	161 075	162 996	161 075	
31 - 60 Days	125 041	137 911	125 041	137 911	
61 - 90 Days	102 895	112 472	102 895	112 472	
+ 90 Days	2 576 783	2 206 664	2 576 783	2 206 664	
Total	2 967 715	2 618 122	2 967 715	2 618 122	

(Other): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	1 056 600	483 821	1 056 600	483 821	
31 - 60 Days	122 672	981 362	122 672	981 362	
61 - 90 Days	100 203	63 914	100 203	63 914	
+ 90 Days	3 036 523	2 499 978	3 036 523	2 499 978	
Total	4 315 998	4 029 075	4 315 998	4 029 075	

(Total): Ageing

	2010 R	2009 R	Economic Entity 2010 R	Knysna Municipality 2010 R	2009 R
Current (0 - 30 days)	16 471 006	16 138 293	16 471 006	16 138 293	
31 - 60 Days	5 196 735	5 492 850	5 196 735	5 492 850	
61 - 90 Days	2 488 615	1 968 868	2 488 615	1 968 868	
+ 90 Days	36 776 810	30 328 603	36 776 810	30 328 603	
Total	60 933 165	53 928 613	60 933 165	53 928 613	

Reconciliation of the Total doubtful debt provision

Balance at beginning of the year	18 706 087	16 679 652	18 706 087	16 679 652
Contributions to provision	7 022 332	4 275 443	7 022 332	4 275 443
Doubtful debts written off against provision	(4 200 653)	(2 249 008)	(4 200 653)	(2 249 008)
Balance at end of year	21 527 766	18 706 087	21 527 766	18 706 087

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total
2010				
Total Receivables	55 734 686	4 315 998	882 482	60 933 166
Less: Provision for doubtful debts	(21 527 766)	-	-	(21 527 766)
Total Recoverable debtors by customer classification	34 206 920	4 315 998	882 482	39 405 400

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total
2009				
Total Receivables	42 828 893	9 177 989	1 921 731	53 928 612
Less: Provision for doubtful debts	(17 201 394)	(1 504 693)	-	(18 706 087)
Total Recoverable debtors by customer classification	25 627 499	7 673 296	1 921 731	35 222 526

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

	Economic Entity	Knysna Municipality
	2010 R	2009 R
Rates	25 057 918	25 057 918
Miscellaneous	1 062 233	1 062 233
Correction of error - Note 35.03	-	(19 459)
Total Service Receivables	26 120 151	26 120 151
Less: Allowance for Doubtful Debts	(5 985 674)	(5 985 674)
Net Service Receivables	20 134 477	16 070 185
Total Net Receivables from Non-Exchange Transactions	20 134 477	16 070 185

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	6 898 680	6 474 721	6 898 680	6 474 721
31 - 60 Days	2 165 070	1 718 648	2 165 070	1 718 648
61 - 90 Days	1 062 259	920 562	1 062 259	920 562
+ 90 Days	14 931 909	7 285 259	14 931 909	7 285 259
Total	25 057 918	16 399 190	25 057 918	16 399 190

(Other Receivables): Ageing

Current (0 - 30 days)	288 276	297 375	288 276	297 375
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	773 957	690 482	773 957	690 482
Total	1 062 233	987 858	1 062 233	987 858

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Trade and other receivables impaired

	2010	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	21 527 766		5 985 674	27 513 440
	2009	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	18 706 087		1 297 404	20 003 491

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of trade and other receivables approximates their carrying amounts.

	Economic Entity	Knysna Municipality
	2010 R	2009 R
Reconciliation of the Total doubtful debt provision		
Balance at beginning of the year	1 297 405	25 401
Contributions to provision	4 924 883	1 371 963
Doubtful debts written off against provision	(236 614)	(99 959)
Balance at end of year	5 985 675	1 297 405

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

21

OPERATING LEASE ARRANGEMENTS

21.1 The Municipality as Lessee

Balance on 1 July	751 262	380 020	751 262	380 020
Operating Lease Liability previously not recognised up to 30 June 2008 - Note 35.09	-	131 104	-	131 104
Restated Balance on 1 July	751 262	511 124	751 262	511 124
Operating Lease Liability previously not recognised - Movement 2008/2009 - Note 35.09	103 367		103 367	
Movement during the year	271 463	136 771	271 463	136 771
Balance on 30 June	1 022 725	751 262	1 022 725	751 262

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	3 157 860	2 432 229	3 157 860	2 432 229
1 to 5 Years	9 364 384	10 652 508	9 364 384	10 652 508
More than 5 Years	2 163 013	4 032 749	2 163 013	4 032 749
Total Operating Lease Arrangements	14 685 257	17 117 486	14 685 257	17 117 486

21.2 The Municipality as Lessor

Balance on 1 July	1 849 734	1 849 734	1 849 734	1 849 734
Operating Lease Asset for the current year	224 520		224 520	
Balance on 30 June	2 074 253	1 849 734	2 074 253	1 849 734

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21

OPERATING LEASE ARRANGEMENTS (CONTINUED)

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
Up to 1 Year	1 030 874	1 213 254	1 030 874	1 213 254
1 to 5 Years	4 087 859	4 195 256	4 087 859	4 195 256
More than 5 Years	12 087 910	13 221 636	12 087 910	13 221 636
Total Operating Lease Arrangements	17 206 643	18 630 146	17 206 643	18 630 146

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2015

22

CASH AND CASH EQUIVALENTS

Assets

Call Investments Deposits	26 181 834	60 706 736	26 181 834	60 706 736
Primary Bank Account	-	-	-	-
Secondary Bank Accounts	770 325	171 987	770 325	171 987
Cash Floats	11 470	11 270	11 470	11 270
Total Cash and Cash Equivalents - Assets	26 963 629	60 889 993	26 963 629	60 889 993

Liabilities

Primary Bank Account	10 185 666	15 470 835	10 185 666	15 470 835
Total Cash and Cash Equivalents - Liabilities	10 185 666	15 470 835	10 185 666	15 470 835

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value. Outstanding cheques in included in Cash and Cash Equivalents.

Call Investment Deposits to an amount of R 8 565 1070 are held to fund the Unspent Conditional Grants (2009: R27 394 840)

Call Deposits of R 6,947,323 (2009: R 6,439,781) have been pledged to DBSA as guarantees on external loans taken up.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 1000014938 (Secondary Bank Account):	-	-	-	-
Nedbank - Account Number 1626561826 (Primary Bank Account):	(10 185 666)	(15 470 835)	(10 185 666)	(15 470 835)
Nedbank - Account Number 1626561834 (Secondary Account):	127 360	171 551	127 360	171 551
Nedbank - Account Number 1626561834 (Tertiary Account - SARS VAT Receipts):	336	436	336	436
Mosdei Pama Cox Escrow Account	642 629	-	642 629	-
	(9 415 341)	(15 298 848)	(9 415 341)	(15 298 848)

ABSA Bank Limited - Account Number 1000014938 (Secondary Bank Account):

Cash book balance at beginning of year	-	1 119 874	-	1 119 874
Cash book balance at end of year	-	-	-	-

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank - Account Number 1626561826 (Primary Bank Account):

Cash book balance at beginning of year	(15 470 835)	(15 690 362)	(15 470 835)	(15 690 362)
Cash book balance at end of year	(10 185 666)	(15 470 835)	(10 185 666)	(15 470 835)

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank - Account Number 1626561834 (Secondary Account):

Cash book balance at beginning of year	171 551	193 346	171 551	193 346
Cash book balance at end of year	127 360	171 551	127 360	171 551

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank - Account Number 1626561834 (Tertiary Account - SARS VAT Receipts):

Cash book balance at beginning of year	436	-	436	-
Cash book balance at end of year	336	436	336	436

ABSA Bank Limited - Account Number 1000014938 (Secondary Bank Account):

Cash book balance at beginning of year	-	-	-	-
Cash book balance at end of year	-	-	-	-

Bank statement balance at beginning of year

Bank statement balance at end of year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

22

CASH AND CASH EQUIVALENTS (CONTINUED)

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
Call Investment Deposits				
Nedbank - 03/7881531940/35 - Ceded DBSA	6 947 323	-	6 947 323	-
Nedbank - 03/7881531940/26 - Grants MSIG & FMG	401 414	375 368	401 414	375 368
Nedbank - 03/7881042702/03 - MIG Flood 08	4 091 119	10 035 716	4 091 119	10 035 716
Nedbank - 03/7881056231/03 - Housing	8 017	3 810 499	8 017	3 810 499
Old Mutual - 111249866 - MIG	2 013 184	-	2 013 184	-
Old Mutual - 111243585 - MIG	2 607 953	-	2 607 953	-
Old Mutual - 111253357 - Unspent Loan	5 007 600	7 001 400	5 007 600	7 001 400
ABSA - 9167248126 - Investment facility	57 391	-	57 391	-
Standard Bank - 08/872631/001 - MIG	4 934 688	-	4 934 688	-
Nedbank - 03/7881531940/28 - Ceded DBSA	-	6 439 781	-	6 439 781
Old Mutual - 111182089 - MIG Flood 06	-	7 983 549	-	7 983 549
Old Mutual - 111175668 - IGT_Equitable Share_1st transfer	-	5 607 399	-	5 607 399
Old Mutual - 111190437 - Unspent Loan	-	5 000 000	-	5 000 000
ABSA - 9167248126 - Unspent Loan	-	10 080 902	-	10 080 902
Investec - 021941-501 - MIG	113 146	4 372 122	113 146	4 372 122
	26 181 835	60 706 736	26 181 835	60 706 736

23

PROPERTY RATES

Actual

Rateable Land and Buildings

Domestic
Accommodation
Commercial
Church
Light Industrial
Agricultural / Rural
State
Other - Pensioners etc.

Less: Rebates

Total Assessment Rates

Valuations - 1 JULY 2009

Rateable Land and Buildings

Domestic
Accommodation
Commercial
Church
Light Industrial
Agricultural / Rural
State
Public benefit
Public Infrastructure
Municipal
Others

Total Assessment Rates

Assessment Rates are levied on the fair market value basis. The last valuation came into effect on 1 July 2008. Revaluations will be undertaken in terms of the Municipal Property Rates Act. Interim valuations are processed to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the rand for domestic properties of R 0.00496 was charged on the total market value. Businesses were charged at a rate of R 0.00856 on the total market value.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R 30,000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one percent.

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus one percent on outstanding monthly instalments.

24

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 24.01

Conditional Grants

National FMG Grant
National MIG Grant
National MIG Grant (Disaster Management Grant)
National MSIG Grant
National INEP Grant
National Municipal Disaster Management Grant (MDMG)
National Bulk Infrastructure Grant
Provincial Housing Grant
Provincial Other Grants
EDEN District Municipal Grant
Other Spheres of Government Grants
Other Organisational Grants

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

2010 R'000	2009 R'000	2010 R'000	2009 R'000
22 265 530	21 536 262	22 265 530	21 536 262
17 276 151	17 631 664	17 276 151	17 631 664
2 154 897	588 860	2 154 897	588 860
1 567 762	1 735 410	1 567 762	1 735 410
91 555	81 984	91 555	81 984
386 569	411 900	386 569	411 900
890	507 506	890	507 506
385 854	355 325	385 854	355 325
12 600	8 000	12 600	8 000
5 093	12 532	5 093	12 532
252 187	202 244	252 187	202 244
131 972	837	131 972	837
22 265 530	21 536 262	22 265 530	21 536 262

19 283 275	18 082 700	19 283 275	18 082 700
19 283 275	18 082 700	19 283 275	18 082 700
107 643 590	65 807 153	107 643 590	65 807 153
991 983	721 481	991 983	721 481
17 152 272	4 865 650	17 152 272	4 865 650
19 665 805	7 966 193	19 665 805	7 966 193
575 080	324 920	575 080	324 920
1 108 000	240 000	1 108 000	240 000
27 515 156	-	27 515 156	-
500 000	-	500 000	-
36 983 755	39 298 143	36 983 755	39 298 143
1 256 617	9 018 269	1 256 617	9 018 269
-	2 491 178	-	2 491 178
178 282	72 850	178 282	72 850
1 716 639	808 468	1 716 639	808 468
126 926 865	83 889 853	126 926 865	83 889 853
65 194 971	34 192 786	65 194 971	34 192 786
61 731 894	49 697 067	61 731 894	49 697 067
126 926 865	83 889 853	126 926 865	83 889 853

The municipality does not expect any significant changes to the level of grants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)				
24.01 Equitable share	19 283 275	18 082 700	19 283 275	18 082 700
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.				
24.02 National: Finance Management Grant (FMG)				
Balance unspent at beginning of year	(8 017)	(36 536)	(8 017)	(36 536)
Current year receipts	1 000 000	750 000	1 000 000	750 000
Conditions met - transferred to revenue	(991 982)	(721 481)	(991 982)	(721 481)
Conditions met balance due by government transferred to current assets	0	(8 017)	0	(8 017)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.				
24.03 National: Municipal Infrastructure Grant (MIG)				
Balance unspent at beginning of year	5 055 445	5 453 539	5 055 445	5 453 539
Current year receipts	17 765 000	4 467 557	17 765 000	4 467 557
Conditions met - transferred to revenue	(17 152 272)	(4 865 650)	(17 152 272)	(4 865 650)
Conditions still to be met - transferred to liabilities	5 668 173	5 055 445	5 668 173	5 055 445
The grant was used to construct roads, labour intensive side walks and sewerage infrastructure as part of the upgrading of informal settlement areas (included in roads and sewerage votes in Appendix B). No funds have been withheld.				
24.04 National: (MIG) Disaster Management Grant				
Balance unspent at beginning of year	19 665 806	12 117 999	19 665 806	12 117 999
Current year receipts	-	15 514 000	-	15 514 000
Conditions met - transferred to revenue	(19 665 805)	(7 966 193)	(19 665 805)	(7 966 193)
Conditions still to be met - transferred to liabilities	-	19 665 806	-	19 665 806
Disaster Management Grant was used in mitigation of the flood damage experienced in August 2006 and November 2007. The conditions of the grant have been met.				
24.05 National: Municipal Systems Improvement Grant				
Balance unspent at beginning of year	75 080	-	75 080	-
Current year receipts	500 000	400 000	500 000	400 000
Conditions met - transferred to revenue	(575 080)	(324 920)	(575 080)	(324 920)
Conditions still to be met - transferred to liabilities	-	75 080	-	75 080
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, most especially the Visual Information Management System.				
24.06 National: Integrated National Electrification Grant				
Balance unspent at beginning of year	1 108 000	-	1 108 000	-
Current year receipts	(1 108 000)	(240 000)	(1 108 000)	(240 000)
Conditions met - transferred to revenue				
Conditions still to be met - transferred to liabilities				
The National Electrification Grant was used to address electrification backlog of permanently occupied dwellings.				
24.07 National Municipal Disaster Management Grant (MDMG)				
Balance unspent at beginning of year	22 200 000	-	22 200 000	-
Current year receipts	(27 515 156)	-	(27 515 156)	-
Conditions met - transferred to revenue	(5 315 156)	-	(5 315 156)	-
Conditions still to be met - transferred to liabilities				
The MDMG was awarded as a drought relief grant and is to be utilised in the creation of additional water resources, specifically ground water and desalination.				
24.08 Regional Bulk Infrastructure Grant				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	500 000	-	500 000	-
Conditions met - transferred to revenue	(500 000)	-	(500 000)	-
Conditions still to be met - transferred to liabilities				
The RBIG was used as a contribution towards the Sedgefield Water Desalination plant.				
24.09 Provincial - Integrated Housing & Human Settlements Grant				
Balance unspent at beginning of year	(104 259)	(3 464 518)	(104 259)	(3 464 518)
Current year receipts	34 961 638	42 658 402	34 961 638	42 658 402
Conditions met - transferred to revenue	(36 983 755)	(39 298 143)	(36 983 755)	(39 298 143)
Conditions met - transferred to assets	(2 126 376)	(104 259)	(2 126 376)	(104 259)
The Grant is from Western Cape Government, Department of Local Government & Housing and is used for the construction of infrastructure and houses in the Knysna Vision 2002, Flenlers/Robololo and Sizamile Housing projects.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)				
24.10 Provincial - Other Provincial Grants				
Balance due at beginning of the year	920 016	(1 807 014)	920 016	(1 807 014)
Balance unspent at beginning of the year	635 635	6 016 026	635 635	6 016 026
Current year receipts	2 561 122	4 524 877	2 561 122	4 524 877
Conditions met - transferred to revenue	(1 256 617)	(9 018 269)	(1 256 617)	(9 018 269)
Conditions met - transferred to current assets - unpaid grants and subsidies	32 833	920 016	32 833	920 016
Conditions still to be met - transferred to liabilities	2 892 989	635 635	2 892 989	635 635
Various grants were received from Provincial Government for sanitation, libraries, transport, disaster relief, etc; the main grants being: Community Development Workers, Emergency Housing Program, Library Services, Maintenance of Proclaimed Roads and Non-motorised Transport Grants.				
24.11 District - EDEN District Municipal Grants				
Balance unspent at beginning of year	200 000	200 000	200 000	200 000
Balance due at beginning of the year	754 211	(138 131)	754 211	(138 131)
Previous year corrections - Revenue - Note 35.12	-	173 675	-	173 675
Current year receipts	844 211	1 875 098	844 211	1 875 098
Conditions met - transferred to revenue	-	(2 664 853)	-	(2 664 853)
Conditions met - transferred to current assets - unpaid grants	-	754 211	-	754 211
Conditions still to be met - transferred to liabilities	1 798 422	200 000	1 798 422	200 000
The unspent EDEN grants comprise amounts received and to be utilised for prepaid meters in Karatara and a Biodiversity Study.				
24.12 Other Spheres of Government Grants				
Balance unspent at beginning of year	413 043	228 893	413 043	228 893
Current year receipts	-	257 000	-	257 000
Conditions met - transferred to revenue	(178 282)	(72 850)	(178 282)	(72 850)
Conditions still to be met - transferred to liabilities	234 761	413 043	234 761	413 043
This unspent Grant is from Masibambane (DWAE) and to be utilised for the continued development of Asset Maintenance Plans.				
24.13 Other organisational grants				
Balance due at beginning of the year	(85 135)	(149 171)	(85 135)	(149 171)
Balance unspent at the beginning of the year	1 000 000	349 831	1 000 000	349 831
Previous year corrections	-	(200 660)	-	(200 660)
Current year receipts	1 537 014	1 723 333	1 537 014	1 723 333
Conditions met - transferred to revenue	(1 716 639)	(808 468)	(1 716 639)	(808 468)
Conditions met - balance due by organisation transferred to current assets	432 021	85 135	432 021	85 135
Conditions met - balance transferred to current liabilities	1 167 262	1 000 000	1 167 262	1 000 000
Various grants from Other Organisations used for sports facilities, capacity building and youth advisory centre - organisations being National Lottery, Local Government Seta and Umsobomvu Youth Fund.				
24.14 Changes in levels of government grants				
Based on the allocations set out in the Division of Revenue Act, (Act 2 of 2008), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.				
25 SERVICE CHARGES				
Electricity	118 015 681	94 591 333	118 015 681	94 591 333
Service Charges	120 337 357	96 779 034	120 337 357	96 779 034
<u>Less:</u> Rebates	(2 321 675)	(2 187 701)	(2 321 675)	(2 187 701)
Water	35 765 846	32 177 420	35 765 846	32 177 420
Service Charges	40 856 354	36 489 291	40 856 354	36 489 291
<u>Less:</u> Rebates	(5 090 508)	(4 311 872)	(5 090 508)	(4 311 872)
Refuse removal	11 433 078	14 399 934	11 433 078	14 399 934
Service Charges	12 329 679	15 726 571	12 329 679	15 726 571
<u>Less:</u> Rebates	(896 601)	(1 326 637)	(896 601)	(1 326 637)
Sewerage and Sanitation Charges	8 484 246	13 491 921	8 484 246	13 491 921
Service Charges	9 247 272	14 717 052	9 247 272	14 717 052
<u>Less:</u> Rebates	(763 027)	(1 225 131)	(763 027)	(1 225 131)
Other Service Charges	1 879 796	1 654 616	1 879 796	1 654 616
Total Service Charges	175 578 647	156 315 224	175 578 647	156 315 224
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.				
26 OTHER INCOME				
Administration fees	102 944	241 454	102 944	241 454
Irregular expenditure recovered	-	11 435	-	11 435
Parking fees	33 659	36 292	33 659	36 292
Penalty disconnection fees	425 407	499 562	425 407	499 562
Sundries	480 099	294 083	480 099	294 083
Valuation certificates	113 364	99 436	113 364	99 436
Sale of refuse bags	135 206	134 995	135 206	134 995
Total Other Income	1 290 679	1 317 257	1 290 679	1 317 257

27

EMPLOYEE RELATED COSTS

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
Employee Related Costs - Salaries and Wages	66 998 224	60 734 227	66 834 675	60 734 227
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	20 832 598	17 844 810	20 832 598	17 844 810
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	6 832 678	4 331 250	6 832 678	4 331 250
Housing Benefits and Allowances	1 302 473	1 340 552	1 302 473	1 340 552
Overtime Payments	4 121 894	4 227 990	4 121 894	4 227 990
Bonuses	4 936 230	4 588 128	4 936 230	4 588 128
Provision for leave	1 008 345	1 059 814	1 008 345	1 059 814
TASK implemetation	728 968	-	728 968	-
Contribution to provision - Ex-gratia pensions - Note 4	65 112	66 237	65 112	66 237
Contribution to provision - Long Service Awards - Note 4	792 940	747 272	792 940	747 272
Contribution to provision - Post Retirement Medical - Note 4	6 759 201	6 054 941	6 759 201	6 054 941
Less: Employee Costs allocated elsewhere	114 378 662	100 995 220	114 215 114	100 995 220
Total Employee Related Costs	114 085 075	100 602 309	113 921 527	100 602 309

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	870 803	788 082	870 803	788 082
Car Allowance	96 000	89 502	96 000	89 502
Telephone Allowance	12 000	12 000	12 000	12 000
Performance Bonus	83 467	96 338	83 467	96 338
Contributions to UIF, Medical and Pension Funds	176 119	165 569	176 119	165 569
Total	1 238 389	1 151 491	1 238 389	1 151 491

Remuneration of the Director Technical Services

Annual Remuneration	787 254	736 440	787 254	736 440
Car Allowance	27 795	28 160	27 795	28 160
Performance Bonus	55 233	91 962	55 233	91 962
Bonus (13th Cheque)	65 605	61 370	65 605	61 370
Acting Allowance (RF Parry)	16 891	-	16 891	-
Long Service Award	63 233	-	63 233	-
Telephone allowance	12 000	12 000	12 000	12 000
Housing allowance	6 522	8 856	6 522	8 856
Contributions - UIF, Medical, Pension	191 555	154 683	191 555	154 683
Total	1 226 088	1 093 471	1 226 088	1 093 471

Remuneration of the Director Corporate Services

Annual Remuneration	623 785	606 269	623 785	606 269
Car Allowance	96 000	96 000	96 000	96 000
Telephone Allowance	12 444	12 444	12 444	12 444
Performance Bonus	58 482	46 800	58 482	46 800
Contributions - UIF, Medical, Pension	113 779	107 086	113 779	107 086
Total	904 489	868 599	904 489	868 599

Remuneration of the Director Financial Services

Annual Remuneration	906 040	845 688	906 040	845 688
Car Allowance	36 000	36 000	36 000	36 000
Telephone Allowance	13 066	13 066	13 066	13 066
Performance Bonus	63 507	83 772	63 507	83 772
Contributions to UIF, Medical and Pension Funds	27 809	25 369	27 809	25 369
Total	1 046 423	1 003 895	1 046 423	1 003 895

Remuneration of the Director Community Services

Annual Remuneration	475 377	285 004	475 377	285 004
Car Allowance	150 000	100 000	150 000	100 000
Telephone Allowance	12 000	8 000	12 000	8 000
Acting Allowance (S Langlands)	13 257	-	13 257	-
Performance Bonus	34 000	-	34 000	-
Contributions to UIF, Medical and Pension Funds	114 446	68 385	114 446	68 385
Total	799 081	461 389	799 081	461 389

Remuneration of the Director Strategy

Annual Remuneration (Acting)	226 530	610 852	226 530	610 852
Car Allowance	-	120 000	-	120 000
Leave pay	-	31 820	-	31 820
Performance Bonus	38 988	86 400	38 988	86 400
Telephone allowance	-	12 444	-	12 444
Contributions - UIF, Medical, Pension	-	48 528	-	48 528
Total	265 518	910 044	265 518	910 044

Remuneration of Director : Planning and Development

Annual Remuneration	654 293	610 976	654 293	610 976
Car Allowance	60 000	60 000	60 000	60 000
Performance Bonus	85 774	72 000	85 774	72 000
Acting Allowance (D Adonis)	6 171	-	6 171	-
Telephone allowance	12 444	12 444	12 444	12 444
Contributions - UIF, Medical, Pension	119 270	111 556	119 270	111 556
Total	937 952	866 976	937 952	866 976

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
28 REMUNERATION OF COUNCILLORS				
Executive Mayor	565 936	534 439	565 936	534 439
Executive Deputy Mayor	461 105	430 942	461 105	430 942
Speaker	461 105	444 100	461 105	444 100
Councillors	1 947 547	1 802 987	1 947 547	1 802 987
Mayoral Committee	866 710	796 740	866 710	796 740
Total Councillors' Remuneration	4 302 403	4 009 208	4 302 403	4 009 208
<i>In-kind Benefits</i>				
The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.				
<i>Certification by the Municipal Manager</i>				
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.				
				
Signed: Municipal Manager				
29 DEBT IMPAIRMENT				
Long term Receivables - Note 17	(58 155)	557 595	(58 155)	557 595
Investment in entity - Note 16	-	-	218 041	-
Trade Receivables from exchange transactions - Note 19	7 022 332	4 275 443	7 022 332	4 275 443
Trade Receivables from non-exchange transactions - Note 20	4 924 883	1 371 963	4 924 883	1 371 963
Total Contribution to Impairment Provision	11 889 060	6 205 001	12 107 101	6 205 001
30 IMPAIRMENTS				
Stock impaired	9 433	17 979	9 433	17 979
Property Plant & Equipment	39 850	1 292 990	39 850	1 292 990
	49 284	1 310 969	49 284	1 310 969
31 FINANCE CHARGES				
Long-term liabilities	16 566 865	17 243 463	16 566 865	17 243 463
Total finance charges	16 566 865	17 243 463	16 566 865	17 243 463
Borrowing costs capitalised in terms of GRAP 5.	1 321 736	716 020	1 321 736	716 020
32 BULK PURCHASES				
Electricity	69 031 096	53 766 843	69 031 096	53 766 843
Refuse drums	60 466	31 020	60 466	31 020
Total Bulk Purchases	69 091 562	53 797 863	69 091 562	53 797 863
33 GRANTS AND SUBSIDIES				
Grants-in-aid and Donations	1 352 078	1 002 699	1 352 078	1 002 699
Knysna Economic Development Agency	5 395	-	5 395	-
Knysna Tourism	4 000 000	4 000 000	4 000 000	4 000 000
Total Grants and Subsidies	5 357 472	5 002 699	5 357 472	5 002 699
34 GENERAL EXPENSES				
General Expenses	53 347 973	48 420 532	53 337 020	48 420 532

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Economic Entity 2009 R	Knysna Municipality 2009 R
35	CORRECTION OF ERROR IN TERMS OF GRAP 3		
35.01	Unpaid conditional grants and receipts		
	Balance previously reported	2 045 311	2 045 311
	Eden Priority grant written back due to over expenditure in the prior year - Refer note 10 and 35.12	(173 675)	(173 675)
	Total	<u>1 871 636</u>	<u>1 871 636</u>
35.02	Unspent conditional grants and receipts		
	Balance previously reported	27 394 840	27 394 840
	DBSA unspent grant written back due to wrong allocation of expenditure in the prior years - conditions fully complied with - Refer note 10 and 35.12	(349 831)	(349 831)
	Total	<u>27 045 009</u>	<u>27 045 009</u>
35.03	Other receivables from non-exchange transactions		
	Balance previously reported	16 089 643	16 089 643
	Insurance claims overstated prior year - Refer note 20 and 35.12	(19 459)	(19 459)
	Total	<u>16 070 185</u>	<u>16 070 185</u>
35.04	Trade receivables from exchange transactions		
	Balance previously reported	34 967 615	34 967 615
	Land sales not previously recognised - Refer note 19 and 35.12	47 412	47 412
	Meter readings not previously measured until 30 June - Refer Notes 35.11 and 35.12	2 244 892	2 244 892
	Water revenue not previously measured - Refer Note 35.11	64 832	64 832
	Rentals not previously measured for the prior year- Refer Note 35.12	207 499	207 499
	Total	<u>37 532 250</u>	<u>37 532 250</u>
35.05	Trade and other payables		
	Balance previously reported	21 519 819	21 519 819
	Prior year retention balances written back as unclaimed - Note 35.11	(95)	(95)
	Deposit previously recognised as revenue now reversed - Refer note 9 and 35.11	40 470	40 470
	Total	<u>21 560 194</u>	<u>21 560 194</u>
35.06	Long-term Liabilities		
	Balance previously reported	162 565 359	162 565 359
	Finance lease not previously recognised - Notes 3 and 35.11 and 35.12	1 892 254	1 892 254
	Total	<u>164 457 613</u>	<u>164 457 613</u>
35.07	Property, Plant and Equipment		
	Balance previously reported	421 788 200	421 788 200
	Finance leases not previously recognised - Cost - Note 12	2 406 635	2 406 635
	Finance leases not previously recognised - Accumulated depreciation - Note 12	(632 717)	(632 717)
	Property, plant and equipment sold in 2006 not previously disposed - Cost - Refer to note 12 and 35.11	(131 373)	(131 373)
	Property, plant and equipment sold in 2006 not previously disposed - Accumulated depreciation - Refer to note 12 and 35.11	83 236	83 236
	Reversal of depreciation on land - Notes 12 and 35.11 and 35.12	326 680	326 680
	Depreciation calculated incorrectly prior year - Refer to note 12 and 35.12	3 646	3 646
	Total	<u>423 844 306</u>	<u>423 844 306</u>
35.08	Operating lease liability		
	Balance previously reported	516 791	516 791
	Operating lease liability not previously recognised - Note 21.1 and 35.11 and 35.12	234 471	234 471
	Total	<u>751 262</u>	<u>751 262</u>
35.09	Intangible assets		
	Balance previously reported	410 568	410 568
	Correction of amortisation - Note 15 and 35.11 and 35.12	1 010	1 010
	Total	<u>411 578</u>	<u>411 578</u>
35.10	Taxes		
	Balance previously reported	642 293	642 293
	Vat on land sales not previously recognised - Refer to note 35.04	6 140	6 140
	Total	<u>648 433</u>	<u>648 433</u>
35.11	Accumulated Surplus/(Deficit)		
	Balance previously reported	242 071 515	242 071 515
		2 425 214	2 425 214
		(40 470)	(40 470)
		(54 407)	(54 407)
		83 236	83 236
		(131 373)	(131 373)
		257 525	257 525
		349 831	349 831
		2 027 049	2 027 049
		64 832	64 832
		(131 104)	(131 104)
		95	95
	Total	<u>244 496 729</u>	<u>244 496 729</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Economic Entity		Knysna Municipality	
		2009	R	2009	R
35	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)				
35.12	Statement of financial performance				
	Surplus previously reported	24 995 980	179 995	24 995 980	179 995
	Insurance claims incorrectly recognised as revenue and receivable in prior year.	(19 459)		(19 459)	
	Correction of depreciation incorrectly calculated	4 656		4 656	
	Reversal of depreciation on land - Notes 12 and 35.07	69 155		69 155	
	Finance leases not previously recognised - Interest expense	(192 578)		(192 578)	
	Finance leases not previously recognised - Depreciation	(383 505)		(383 505)	
	Finance leases not previously recognised - General expenses - Hire Office Equipment	512 155		512 155	
	Land sales not previously recognised - Own Haven Housing Association	41 271		41 271	
	Operating lease expense not previously recognised	(103 367)		(103 367)	
	Meter readings not previously measured until 30 June - Refer Note 35.04	217 843		217 843	
	Rentals not previously measured for the prior year- Refer Note 35.04	207 499		207 499	
	Eden priority grant previously overstated	(173 675)		(173 675)	
		25 175 975		25 175 975	
36	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
		Economic Entity		Knysna Municipality	
		2010	2009	2010	2009
		R	R	R	R
	Surplus/(Deficit) for the year	69 617 938	25 175 975	69 579 998	25 175 975
	Adjustments for:				
	Depreciation and amortisation	30 229 121	27 820 476	30 228 521	27 820 476
	Prior year adjustments affecting cashflow	-	169 502	-	169 502
	(Gain)/Loss on disposal of property, plant and equipment	(243 197)	(2 539 884)	(243 197)	(2 539 884)
	Impairments	39 850	10 911	39 850	10 911
	Contribution/(reduction) from/to provisions - Non-Current	(708 060)	824 927	(708 060)	824 927
	Contribution from/to Non-current provisions - expenditure incurred	-	-	-	-
	Contribution from/to employee benefits - non-current	7 617 253	6 868 450	7 617 253	6 868 450
	Contribution from/to employee benefits - non-current - expenditure incurred	(1 802 105)	(1 216 034)	(1 802 105)	(1 216 034)
	Contribution from/to employee benefits - non-current - actuarial losses	1 087 056	255	1 087 056	255
	Contribution from/to employee benefits - non-current - actuarial gains	(6 061 408)	(588 979)	(6 061 408)	(588 979)
	Contribution to employee benefits - current	3 907 526	1 631 851	3 907 526	1 631 851
	Contribution to employee benefits - current - expenditure incurred	(823 834)	(1 142 788)	(823 834)	(1 142 788)
	Contribution to provisions - current	-	-	-	-
	Contribution to provisions - current - expenditure incurred	-	-	-	-
	Contribution to provisions - bad debt	11 889 060	6 205 001	12 107 101	6 205 001
	Fair Value Adjustments				
	Unamortised discount	(735 787)	(772 806)	(735 787)	(772 806)
	Bad debts written off	(4 437 266)	(2 348 967)	(4 437 266)	(2 348 967)
	Operating lease income accrued	(224 520)	(267 465)	(224 520)	(267 465)
	Operating lease expenses accrued	271 463	136 770	271 463	136 770
	Investment income	(5 875 952)	(7 573 095)	(5 875 952)	(7 573 095)
	Interest expense	16 566 865	17 050 885	16 566 865	17 050 885
	Operating Surplus/(Deficit) before changes in working capital	120 314 002	69 444 986	120 493 504	69 444 986
	Changes in working capital	(41 157 623)	(7 840 633)	(41 157 623)	(7 840 633)
	4 738 669	1 786 196	4 738 669	1 786 196	
	(18 631 013)	3 118 553	(18 631 013)	3 118 553	
	(6 108 662)	642 293	(6 108 662)	642 293	
	635 247	(310 157)	635 247	(310 157)	
	(7 004 553)	(13 297 988)	(7 004 553)	(13 297 988)	
	(8 752 562)	(3 180 418)	(8 752 562)	(3 180 418)	
	(6 034 749)	3 400 887	(6 034 749)	3 400 887	
	Cash generated/(absorbed) by operations	79 156 379	61 604 353	79 335 880	61 604 353
37	CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents included in the cash flow statement comprise the following:				
	Call Investments Deposits - Note 22	26 181 834	60 706 736	26 181 834	60 706 736
	Cash Floats - Note 22	11 470	11 270	11 470	11 270
	Bank - Note 22	770 325	171 987	770 325	171 987
	Bank overdraft - Note 22	(10 185 666)	(15 470 835)	(10 185 666)	(15 470 835)
	Total cash and cash equivalents	16 777 964	45 419 158	16 777 964	45 419 158
38	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
	Cash and Cash Equivalents - Note 37	16 777 964	45 419 158	16 777 964	45 419 158
	Investments - Note 16	13 295 233	11 819 108	13 295 235	11 819 108
	Less:				
	Unspent Committed Conditional Grants - Note 10	30 073 197	57 238 267	30 073 199	57 238 267
	Unspent Borrowings - Note 39	39 237 646	65 394 079	39 237 648	65 394 079
	VAT - Note 11	8 413 996	25 173 373	8 413 996	25 173 373
	Secured Investments	10 581 094	21 313 383	10 581 094	21 313 383
	Net cash resources available for internal distribution	(9 164 449)	(8 155 812)	(9 164 449)	(8 155 812)
	Allocated to:				
	Cash shortfall for operations	(9 164 449)	(8 155 812)	(9 164 449)	(8 155 812)
	Resources available (shortfall) for working capital requirements	(9 164 449)	(8 155 812)	(9 164 449)	(8 155 812)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term Liabilities - Note 3	167 993 683	164 457 613	167 993 683	164 457 613
Used to finance property, plant and equipment - at cost	(157 412 589)	(143 144 230)	(157 412 589)	(143 144 230)
Cash set aside for the repayment of long-term liabilities	10 581 094	21 313 383	10 581 094	21 313 383
Cash invested for repayment of long-term liabilities	-	-	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.21 % and 17.82 % and will be repaid by 2028				
40 BUDGET COMPARISONS				
40.1 Operational	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 % (%)
<u>Economic Entity</u>				
Revenue by source				
Property Rates	108 596 693	108 199 000	397 693	0.4%
Government Grants and Subsidies - Capital	65 194 971	65 023 000	171 971	0.3%
Government Grants and Subsidies - Operating	61 731 894	57 387 000	4 344 894	7.6%
Public Contributions and Donations	2 328 304	148 000	2 180 304	1473.2%
Actuarial Gains	6 061 408	-	6 061 408	100.0%
Third Party Payments	429 835	43 000	386 835	899.6%
Fines	2 124 790	1 912 000	212 790	11.1%
Stock Adjustments	23 247	-	23 247	100.0%
Reversal of provisions	708 060	-	708 060	100.0%
Other non-exchange revenue	2 157 015	620 000	1 537 015	247.9%
Property Rates - penalties imposed and collection charges	1 925 726	2 192 000	(266 274)	-12.1%
Service Charges	175 578 648	180 553 000	(4 974 352)	-2.8%
Rental of Facilities and Equipment	3 809 898	2 580 000	1 229 898	47.7%
Interest Earned - external investments	5 875 952	5 648 000	227 952	4.0%
Interest Earned - outstanding debtors	3 777 443	4 840 000	(1 062 557)	-22.0%
Licences and Permits	1 378 720	1 373 000	5 720	0.4%
Agency Services	1 688 898	1 695 000	(6 102)	-0.4%
Other Income	1 290 679	1 003 000	287 679	28.7%
Unamortised discount - Interest	748 041	-	748 041	100%
	445 430 223	433 216 000	12 214 223	3%
Expenditure by nature				
Employee related costs	(114 085 075)	(109 076 160)	(5 008 915)	4.6%
Remuneration of Councillors	(4 302 404)	(4 537 080)	234 676	-5.2%
Debt Impairment	(11 889 060)	(11 688 000)	(201 060)	1.7%
Collection Cost	(119 013)	(65 000)	(54 013)	83.1%
Depreciation and Amortisation	(30 229 121)	(22 764 990)	(7 464 131)	32.8%
Impairments	(49 284)	-	(49 284)	100.0%
Repairs and Maintenance	(17 162 417)	(18 522 620)	1 360 203	-7.3%
Actuarial losses	(1 087 056)	-	(1 087 056)	100.0%
Finance Charges	(16 566 865)	(17 984 000)	1 417 135	-7.9%
Unamortised discount - Interest	(12 254)	-	(12 254)	100.0%
Bulk Purchases	(69 091 562)	(69 261 610)	170 048	-0.2%
Contracted services	(12 220 210)	(12 227 580)	7 371	-0.1%
Grants and Subsidies Paid	(5 357 472)	(5 237 500)	(119 972)	2.3%
Other Operating Grant Expenditure	(40 535 717)	(38 104 000)	(2 431 717)	6.4%
General Expenses	(53 347 973)	(53 587 600)	239 627	-0.4%
	(376 055 482)	(363 056 140)	(12 999 342)	3.6%
Other Gains/Losses				
Gains on Disposal of PPE	243 197	-	243 197	100.0%
	243 197	-	243 197	100%
Net Surplus for the year	69 617 938	70 159 860	(541 922)	-1%
<u>Details of material variances</u>				
Revenue by source				
Public Contributions and Donations	-	Is not budgeted for as part of revenue since the change in treatment of augmentations received was implemented in 2008/2009 AFS. Once a trend has been established, the item may be included in the budget going forward.		
Actuarial Gains	-	Is not a budget item		
Third Party Payments	-	Is made up of insurance claims received and is not a budget item		
Property Rates - penalties imposed and collection charges and Interest Earned - outstanding debtors	-	Decline in interest rates resulted in lower than budgeted interest on arrear debtor accounts		
Other non-exchange revenue and Other Income	-	Is made up of items that are primarily not budgeted for such as Donations received; Unclaimed deposits and Contract Penalties		
Expenditure by nature				
Depreciation and Amortisation	-	Depreciation is budgeted for during the mid-year review of the 2008/2009 budget and forecast amounts for the fixed assets for the year ended 30 June 2009 are utilised to project depreciation for 2009/2010. The completion of work-in-progress items and large capital expenditure projects funded from new grants, such as the desalination plants, was not foreseen 18 months prior to the close of the 2009/2010 financials.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

40 BUDGET COMPARISONS (CONTINUED)

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 % (%)
<u>Knysna Municipality</u>				
Revenue by source				
Property Rates	108 596 693	108 199 000	397 693	0.4%
Government Grants and Subsidies - Capital	65 194 971	65 023 000	171 971	0.3%
Government Grants and Subsidies - Operating	61 731 894	57 387 000	4 344 894	7.6%
Public Contributions and Donations	2 328 304	148 000	2 180 304	1473.2%
Actuarial Gains	6 061 408	-	6 061 408	100.0%
Third Party Payments	429 835	43 000	386 835	899.6%
Fines	2 124 790	1 912 000	212 790	11.1%
Stock Adjustments	23 247	-	23 247	100.0%
Reversal of provisions	708 060	-	708 060	100.0%
Other non-exchange revenue	2 157 015	620 000	1 537 015	247.9%
Property Rates - penalties imposed and collection charges	1 925 726	2 192 000	(266 274)	-12.1%
Service Charges	175 578 648	180 553 000	(4 974 352)	-2.8%
Rental of Facilities and Equipment	3 809 898	2 580 000	1 229 898	47.7%
Interest Earned - external investments	5 875 952	5 648 000	227 952	4.0%
Interest Earned - outstanding debtors	3 777 443	4 840 000	(1 062 557)	-22.0%
Licences and Permits	1 378 720	1 373 000	5 720	0.4%
Agency Services	1 688 898	1 695 000	(6 102)	-0.4%
Other Income	1 290 679	1 003 000	287 679	28.7%
Unamortised discount - Interest	748 041	-	748 041	100%
	445 430 223	433 216 000	12 214 223	3%
Expenditure by nature				
Employee related costs	(113 921 527)	(109 076 160)	(4 845 367)	4.4%
Remuneration of Councillors	(4 302 404)	(4 537 080)	234 676	-5.2%
Debt Impairment	(12 107 101)	(11 688 000)	(419 101)	3.6%
Collection Cost	(119 013)	(65 000)	(54 013)	83.1%
Depreciation and Amortisation	(30 228 521)	(22 764 990)	(7 463 531)	32.8%
Impairments	(49 284)	-	(49 284)	100.0%
Repairs and Maintenance	(17 157 417)	(18 522 620)	1 365 203	-7.4%
Actuarial losses	(1 087 056)	-	(1 087 056)	100.0%
Finance Charges	(16 566 865)	(17 984 000)	1 417 135	-7.9%
Unamortised discount - Interest	(12 254)	-	(12 254)	100.0%
Bulk Purchases	(69 091 562)	(69 261 610)	170 048	-0.2%
Contracted services	(12 220 210)	(12 227 580)	7 371	-0.1%
Grants and Subsidies Paid	(5 357 472)	(5 237 500)	(119 972)	2.3%
Other Operating Grant Expenditure	(40 535 717)	(38 104 000)	(2 431 717)	6.4%
General Expenses	(53 337 020)	(53 587 600)	250 580	-0.5%
	(376 093 422)	(363 056 140)	(13 037 282)	3.6%
Other Gains/Losses				
Gains on Disposal of PPE	243 197	-	243 197	100.0%
	243 197	-	243 197	100%
Net Surplus for the year	69 579 998	70 159 860	(579 862)	-1%

Details of material variances

Revenue by source

- Public Contributions and Donations - Is not budgeted for as part of revenue since the change in treatment of augmentations received was implemented in 2008/2009 AFS. Once a trend has been established, the item may be included in the budget going forward.
- Actuarial Gains - Is not a budget item
- Third Party Payments - Is made up of insurance claims received and is not a budget item
- Property Rates - penalties imposed and collection charges and Interest Earned - outstanding debtors - Decline in interest rates resulted in lower than budgeted interest on arrear debtor accounts
- Other non-exchange revenue and Other Income - Is made up of items that are primarily not budgeted for such as Donations received; Unclaimed deposits and Contract Penalties

Expenditure by nature

- Depreciation and Amortisation - Depreciation is budgeted for during the mid-year review of the 2008/2009 budget and forecast amounts for the fixed assets for the year ended 30 June 2009 are utilised to project depreciation for 2009/2010. The completion of work-in-progress items and large capital expenditure projects funded from new grants, such as the desalination plants, was not foreseen 18 months prior to the close of the 2009/2010 financials.

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 % (%)
40.2 Expenditure by Vote				
Economic Entity				
Executive & Council	28 010 863	17 754 390	10 256 473	57.8%
Corporate	9 536 223	9 315 660	220 563	2.4%
Finance	10 386 465	7 534 320	2 852 145	37.9%
Strategy	11 292 057	9 990 610	1 301 447	13.0%
Planning	59 582 015	52 605 890	6 976 125	13.3%
Community	63 475 746	66 483 150	(3 007 404)	-4.5%
Electricity	109 160 422	109 003 190	157 231	0.1%
Technical	84 611 693	90 368 930	(5 757 237)	-6.4%
	376 055 482	363 056 140	12 999 342	3.6%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

40 BUDGET COMPARISONS (CONTINUED)

Details of material variances

Executive & Council - The over expenditure on Executive and Council is made up of the following:
 Actuarial losses (11%) which is not budgeted for; Bad debt provision for sundry debtor items (10%) which is R 1,034 million over budget; and Employee related costs (77%) which is R7,9 million over budget and is accounted for by the additional contribution required towards the Cape Joint Retirement Fund of R 1,7 million which was neither foreseen nor budgeted and the additional provisions towards non-current employee benefits determined by the Actuaries which are R6,2 million over budget.

Finance - The over expenditure on Finance is made up of the following:
 Bad debt provision for rates is R 3.8 million over budget. This is as a result of the incidence shift from fixed annual refuse and sewerage charges to assessment rates implemented during 2009/2010.

Strategy - The over expenditure on Strategy is made up of the following:
 Operating expenditure on World Cup 2010 R 2,2 million over budget. An adjustment budget approved in February 2010 made provision for R 12 million for World Cup expenditure, R 8 million was projected for capital. However, the final expenditure resulted in a higher portion being utilised for operating projects, the capital expenditure being R 4,3 million, bringing the total expenditure for the World Cup 2010 to R 10,5 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

Planning - The over expenditure on Planning is made up of the following:
 The operating grant expenditure on Integrated Housing & Human Settlements funded by a Provincial grant is R 8,2 million over budget. This is another instance where the budget was split between operating (R27 million) and capital (R5 million). However, actual capital expenditure was only R 1,8 million, bringing the total expenditure for this grant to R 37 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
<u>Knysna Municipality</u>				
Executive & Council	28 010 863	17 754 390	10 256 473	57.8%
Corporate	9 536 223	9 315 660	220 563	2.4%
Finance	10 386 465	7 534 320	2 852 145	37.9%
Strategy	11 329 997	9 990 610	1 339 387	13.4%
Planning	59 582 015	52 605 890	6 976 125	13.3%
Community	63 475 746	66 483 150	(3 007 404)	-4.5%
Electricity	109 160 422	109 003 190	157 231	0.1%
Technical	84 611 693	90 368 930	(5 757 237)	-6.4%
	376 093 422	363 056 140	13 037 282	3.6%

Details of material variances

Executive & Council - The over expenditure on Executive and Council is made up of the following:
 Actuarial losses (11%) which is not budgeted for; Bad debt provision for sundry debtor items (10%) which is R 1,034 million over budget; and Employee related costs (77%) which is R7,9 million over budget and is accounted for by the additional contribution required towards the Cape Joint Retirement Fund of R 1,7 million which was neither foreseen nor budgeted and the additional provisions towards non-current employee benefits determined by the Actuaries which are R6,2 million over budget.

Finance - The over expenditure on Finance is made up of the following:
 Bad debt provision for rates is R 3.8 million over budget. This is as a result of the incidence shift from fixed annual refuse and sewerage charges to assessment rates implemented during 2009/2010.

Strategy - The over expenditure on Strategy is made up of the following:
 Operating expenditure on World Cup 2010 R 2,2 million over budget. An adjustment budget approved in February 2010 made provision for R 12 million for World Cup expenditure, R 8 million was projected for capital. However, the final expenditure resulted in a higher portion being utilised for operating projects, the capital expenditure being R 4,3 million, bringing the total expenditure for the World Cup 2010 to R 10,5 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

Planning - The over expenditure on Planning is made up of the following:
 The operating grant expenditure on Integrated Housing & Human Settlements funded by a Provincial grant is R 8,2 million over budget. This is another instance where the budget was split between operating (R27 million) and capital (R5 million). However, actual capital expenditure was only R 1,8 million, bringing the total expenditure for this grant to R 37 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

40 BUDGET COMPARISONS (CONTINUED)

		2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
40.3	Capital expenditure by vote				
	<u>Economic Entity</u>				
	Executive & Council	1 834 987	1 430 000	404 987	28.3%
	Corporate	31 934	-	31 934	100.0%
	Finance	701 495	930 000	(228 505)	-24.6%
	Strategy	4 697 947	12 008 000	(7 310 053)	-60.9%
	Planning	4 023 144	6 816 000	(2 792 856)	-41.0%
	Community	1 470 697	1 588 000	(117 303)	-7.4%
	Electricity	13 415 273	14 916 000	(1 500 727)	-10.1%
	Technical	73 417 178	73 156 000	261 178	0.4%
		99 592 655	110 844 000	(11 251 345)	-10%

Details of material variances

Strategy

- The under expenditure on Strategy is made up of the following:

The under expenditure on World Cup 2010 of R 3.7 million (see note 40.2 above); and the R 4 million unspent on the Neighbourhood Development Partnership Grant (NDPG).

An adjustment budget approved in February 2010 made provision for R 12 million for World Cup expenditure, R 8 million was projected for capital. However, the final expenditure resulted in a higher portion being utilised for operating projects, the capital expenditure being R 4.3 million, bringing the total expenditure for the World Cup 2010 to R 10.5 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

The NDPG is a national allocation made in terms of the Division of Revenue Act and must be included in the municipal annual budget. However, the conditions of the grant require that National Treasury approve the project plans before commencement of any expenditure. The plans have not yet been approved, thus no expenditure was incurred on the capital budget. Further, no grant money has yet been disbursed to the municipality.

Planning

- The under expenditure on Planning is made up of the following:

The under expenditure on Integrated Housing & Human Settlements Projects of R 3.2 million (see note 40.2 above).

Electricity

- The under expenditure on Electricity is made up of the following:

Primarily the 20/25MVA Intake Transformer project which is a project that continues into 2010/2011 and R 1 million of the underspend has already been approved by Council as a roll over in the 2010/2011 original budget approval. The additional underspend on this and other electricity projects will be considered for roll over during the mid-term budget review.

Knysna Municipality

		2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
	Executive & Council	1 834 987	1 430 000	404 987	28.3%
	Corporate	31 934	-	31 934	100.0%
	Finance	701 495	930 000	(228 505)	-24.6%
	Strategy	4 697 947	12 008 000	(7 310 053)	-60.9%
	Planning	4 023 144	6 816 000	(2 792 856)	-41.0%
	Community	1 470 697	1 588 000	(117 303)	-7.4%
	Electricity	13 415 273	14 916 000	(1 500 727)	-10.1%
	Technical	73 417 178	73 156 000	261 178	0.4%
	Less Inter-Departmental Charges			-	0.0%
		99 592 655	110 844 000	(11 251 345)	-10%

Details of material variances

Strategy

- The under expenditure on Strategy is made up of the following:

The under expenditure on World Cup 2010 of R 3.7 million (see note 40.2 above); and the R 4 million unspent on the Neighbourhood Development Partnership Grant (NDPG).

An adjustment budget approved in February 2010 made provision for R 12 million for World Cup expenditure, R 8 million was projected for capital. However, the final expenditure resulted in a higher portion being utilised for operating projects, the capital expenditure being R 4.3 million, bringing the total expenditure for the World Cup 2010 to R 10.5 million. The alignment of budget to actual expenditure will be included as part of the final adjustment budget to be tabled together with the tabling of the annual report as per the Municipal Budget and Reporting Regulations.

The NDPG is a national allocation made in terms of the Division of Revenue Act and must be included in the municipal annual budget. However, the conditions of the grant require that National Treasury approve the project plans before commencement of any expenditure. The plans have not yet been approved, thus no expenditure was incurred on the capital budget. Further, no grant money has yet been disbursed to the municipality.

Planning

- The under expenditure on Planning is made up of the following:

The under expenditure on Integrated Housing & Human Settlements Projects of R 3.2 million (see note 40.2 above).

Electricity

- The under expenditure on Electricity is made up of the following:

Primarily the 20/25MVA Intake Transformer project which is a project that continues into 2010/2011 and R 1 million of the underspend has already been approved by Council as a roll over in the 2010/2011 original budget approval. The additional underspend on this and other electricity projects will be considered for roll over during the mid-term budget review.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	Economic Entity		Knysna Municipality	
		2010 R	2009 R	2010 R	2009 R
41.1	<u>Unauthorised expenditure</u>				
	Reconciliation of unauthorised expenditure:				
	Opening balance	698 098	-	698 098	-
	Unauthorised expenditure current year - capital	21 763 983	-	21 801 923	-
	Unauthorised expenditure current year - operating	-	(214 726)	-	(214 726)
	Approved by Council or condoned	-	-	-	-
	Unauthorised expenditure awaiting authorisation	22 462 081	-	22 500 021	-
	Incident	Disciplinary steps/criminal proceedings			
	Over expenditure of approved budget per Vote - See Note 40	None			
41.2	<u>Fruitless and wasteful expenditure</u>				
	Reconciliation of fruitless and wasteful expenditure:				
	Opening balance	18 759	-	18 759	-
	Fruitless and wasteful expenditure current year	-	-	-	-
	Fruitless and wasteful expenditure awaiting condonement	18 759	-	18 759	-
	Incident	Disciplinary steps/criminal proceedings			
	Fraudulent cheque no. 89455 dated 26/02/2010 banked at FNB Galleria and cleared by Nedbank on 09/03/2010. Replacement reissued to settle creditors account. Reported to Knysna SAP Case No. 658/4/2010.	None			
41.3	<u>Irregular expenditure</u>				
	Reconciliation of irregular expenditure:				
	Opening balance	30 045 226	-	30 045 226	-
	Irregular expenditure current year	29 368 874	30 045 226	29 368 874	30 045 226
	Irregular expenditure awaiting approval	59 414 100	30 045 226	59 414 100	30 045 226
	Irregular expenditure condoned by Council	-	30 045 226	-	30 045 226
	Incident	Disciplinary steps/criminal proceedings			
	Non-compliance with Supply Chain Management Policy (see note 42.7)	None			
	Explanation: In 2009 this expenditure was condone by Council. The Accountant-General has subsequently declared that any condonation can only be made by National Treasury in terms of Section 170 of the MFMA. Guidance on the manner of application for condonement is now awaited.				
41.4	<u>Material Losses</u>				
	Electricity distribution losses				
	Units purchased (Mwh)	189 827	198 755	189 827	198 755
	- Units lost during distribution (Mwh)	13 902	15 702	13 902	15 702
	- Percentage lost during distribution	7.32%	7.90%	7.32%	7.90%
	Water distribution losses				
	- Mega litres purified	3 840 769	4 472 541	3 840 769	4 472 541
	- Mega litres lost during distribution	989 276	1 285 675	989 276	1 285 675
	- Percentage lost during distribution	25.76%	28.75%	25.76%	28.75%
42	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
42.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>				
	Opening balance	509 988	362 834	509 988	362 834
	Council subscriptions	(509 988)	(362 834)	(509 988)	(362 834)
	Amount paid - current year	-	-	-	-
	Balance unpaid (included in creditors)	-	-	-	-
42.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>				
	Opening balance	3 248 522	2 186 139	3 248 522	2 186 139
	Current year audit fee	1 626 529	1 245 325	1 626 529	1 245 325
	External Audit - Auditor-General	1 469 354	788 174	1 469 354	788 174
	Internal Audit	152 640	152 640	152 640	152 640
	Audit Committee	(3 248 522)	(2 186 139)	(3 248 522)	(2 186 139)
	Amount paid - current year	-	-	-	-
	Balance unpaid (included in creditors)	-	-	-	-
42.3	<u>VAT - [MFMA 125 (1)(b)]</u>				
	Opening balance	3 123 983	4 544 027	3 123 983	4 544 027
	Amounts received - previous year	6 143	6 143	6 143	6 143
	Amounts received - current year	(33 675 317)	(32 365 780)	(33 675 317)	(32 365 780)
	Amounts claimed - current year	37 272 895	30 647 341	37 272 895	30 647 341
	Amount paid - current year	4 276 574	187 816	4 276 574	187 816
	Corrections	-	110 580	-	110 580
	Closing balance	11 004 278	3 123 983	11 004 278	3 123 983
	Vat inputs receivables and Vat outputs payables are shown in Note 11 All VAT returns have been submitted by the due date throughout the year.	(5 118 136)	(3 772 416)	(5 118 136)	(3 772 416)

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)				
42.4 PAYE and UIF - [MFMA 125 (1)(b)]				
Opening balance	(10 181)	29 372	(10 181)	29 372
Current year payroll deductions and Council Contributions	(11 745 293)	(10 528 921)	(11 745 293)	(10 528 921)
Amount paid - current year	11 744 277	10 489 368	11 744 277	10 489 368
Balance unpaid (included in creditors)	(11 197)	(10 181)	(11 197)	(10 181)
42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]				
Opening balance	-	-	-	-
Current year payroll deductions and Council Contributions	(27 070 756)	(25 261 227)	(27 070 756)	(25 261 227)
Amount paid - current year	27 070 756	25 261 227	27 070 756	25 261 227
Amount paid - previous year	-	-	-	-
Balance unpaid (included in creditors)	-	-	-	-
42.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]				
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE:				
	2010 R	2009 R	Outstanding more than 90 days	Outstanding more than 90 days
Matungana A	-	-	974	
Bouw-Spies E	1 044	-	-	
Kemoetie D	304	-	-	
Matungana A	716	-	-	
Total Councillor Arrear Consumer Accounts	2 064	-	974	-
42.7 Quotations awarded - Supply Chain Management				
Non-compliance with the Supply Chain Management Regulations were identified on the following categories:				
	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Inventory	28 742	1 244 925	-	-
Executive & Council	76 620	710 054	-	-
Corporate Services	90 507	851 174	-	-
Community Services	-	627 522	-	-
Financial Services	9 802	82 088	-	-
Technical Services	318 364	5 529 852	8 435 212	2 656 250
Electrical Services	199 010	2 681 168	1 853 313	-
Planning & Development	85 689	1 097 940	296 563	-
Strategic Services	10 228	1 612 796	871 055	-
	818 962	14 437 519	11 456 143	2 656 250
The major deviations were as follows:				
	Awarded to	Reason/Explanation	Amount	
	SSI Engineer (Consultants)	To design and project manage the new water reservoir (emergency water related)	500 000	
	Actom Pty Ltd (Manufacturer)	Appointed due to the singular compatibility with the present Electrical Switchgear System. Memorandum submitted by Electrical Engineer to Municipal Manager.	752 325	
	Valley Distribution (Supplier)	Timeous electrification of Sedgefield Desalination Plant (emergency water related)	1 033 200	
	Parsons & Associates (Borehole Consultants and Project Management)	Drilling and oversight of Sedgefield emergency water boreholes (emergency water related)	2 365 692	
	Aurecon (Consultants)	Design and Project manage emergency bulk water supply (emergency crisis related)	3 292 444	

42.8 Emergency Expenditure - Sedgefield Desalination Plant

During the course of the 2009/10 financial year an emergency was declared in the municipal area, subsequently supported by the District Municipality and both provincial and national governments.

The reason for the emergency was that there occurred a 150 year drought which created the situation where all the rivers in Knysna municipal area ceased flowing. The situation in Sedgefield was the most critical and under the control of the Western Cape Provincial Government: Disaster Management team it was agreed at all spheres of government to bundle all available grant funding to finance one project, namely the Sedgefield Desalination Plant.

Timetables were put on the funding allocations for expenditure purposes. It was agreed that the municipality follow the procedure of 'multiple source bidding' whereby competition is limited and only a few prospective bidders are allowed to submit proposals after a thorough analysis which was undertaken inter alia by Stellenbosch University, the Water Research Commission and all relevant players. This is in line with Supply Chain Management: A guide for accounting officers of municipalities and municipal entities issued by National Treasury, pages 31 and 55. This in turn meant that advertising on the website was moot.

Full supply chain management (SCM) rules then followed in the evaluation and award of the contract. The contract was awarded to Graham Tek Pty (Ltd) for the amount of R 10 million (excl VAT). The evaluation and the decision of the Bid Adjudication Committee (BAC) are available for inspection. The minutes of the BAC stated that the tender was not advertised and that no preference points were taken into consideration during the evaluation process. Therefore, because all SCM processes were followed, in terms of National Treasury guidelines, Council is of the opinion that the award of this tender was in no way irregular.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Economic Entity		Knysna Municipality	
	2010 R	2009 R	2010 R	2009 R
43 CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure:				
Approved and contracted for:	15 423 656	9 943 428	15 423 656	9 943 428
Infrastructure Community	15 188 837 234 819	9 943 428 -	15 188 837 234 819	9 943 428 -
Total	15 423 656	9 943 428	15 423 656	9 943 428
This expenditure will be financed from:				
External Loans	4 657 556	7 401 157	4 657 556	7 401 157
Government Grants	10 715 763	2 542 271	10 715 763	2 542 271
Own Resources	50 338	-	50 338	-
	15 423 656	9 943 428	15 423 656	9 943 428

44 RETIREMENT BENEFIT INFORMATION

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of IAS 19, multi-employer plans are defined as defined benefit plans. IAS 19 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in IAS 19.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator indicated that the pensioner data is confidential and was thus unable to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2008 - 106.5%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2009 financial year. Refer to Contingent Assets - note 51.

45 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2009 - 0.5%) Increase in interest rates
0.5% (2009 - 0.5%) Decrease in interest rates

Economic Entity
2010
R

Knysna Municipality
2010
R

(1 374 176)
687 088

(1 374 176)
687 088

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

<u>Economic Entity</u>	2010	2010	2009	2009
	%	R	%	R
Electricity	4.43%	1 218 798	7.89%	1 577 715
Water	29.82%	8 205 376	32.12%	6 424 516
Housing Rentals	8.04%	2 210 825	5.89%	1 179 056
Refuse	19.85%	5 461 843	18.52%	3 705 322
Sewerage	16.10%	4 430 925	21.69%	4 337 896
Other Consumer Arrears	0.00%	-	7.41%	1 481 580
Rates	21.76%	5 985 674	6.49%	1 297 404
	100.00%	27 513 440	100.00%	20 003 491
<u>Knysna Municipality</u>				
Electricity	4.43%	1 218 798	7.89%	1 577 715
Water	29.82%	8 205 376	32.12%	6 424 516
Housing Rentals	8.04%	2 210 825	5.89%	1 179 056
Refuse	19.85%	5 461 843	18.52%	3 705 322
Sewerage	16.10%	4 430 925	21.69%	4 337 896
Other Consumer Arrears	0.00%	-	7.41%	1 481 580
Rates	21.76%	5 985 674	6.49%	1 297 404
	100.00%	27 513 440	100.00%	20 003 491

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:

	<u>Economic Entity</u>		<u>Knysna Municipality</u>	
	2010 R	2009 R	2010 R	2009 R
Fixed Deposit Investments	13 294 973	11 819 108	13 294 973	11 819 108
Long Term Receivables	580 950	449 188	580 950	449 188
Trade receivables from exchange transactions	39 405 400	32 705 302	39 405 400	32 705 302
Other receivables from non-exchange transactions	20 134 477	16 070 185	20 134 477	16 070 185
Short Term Investment Deposits	26 248 680	60 706 736	26 248 680	60 706 736
Bank and Cash Balances	139 166	183 257	139 166	183 257
	99 803 646	121 933 776	99 803 646	121 933 776

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

<u>Economic Entity</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Between 5 and 10 years</u>	<u>Over 10 Years</u>
2010				
Long Term liabilities				
Capital repayments	14 459 065	58 252 873	42 266 316	53 015 429
Interest	17 307 723	52 618 356	38 192 614	24 212 615
Trade and Other Payables	21 720 451	-	-	-
Unspent conditional government grants and receipts	8 413 996	-	-	-
	61 901 236	110 871 228	80 458 930	77 228 044
2009				
Long Term liabilities				
Capital repayments	12 604 882	54 159 683	38 663 940	59 029 109
Interest	17 274 492	53 603 191	39 222 533	29 940 200
Trade and Other Payables	16 631 423	-	-	-
Unspent conditional government grants and receipts	27 045 009	-	-	-
	73 555 806	107 762 873	77 886 472	88 969 308
Knysna Municipality				
2010				
Long Term liabilities				
Capital repayments	14 459 065	58 252 873	42 266 316	53 015 429
Interest	17 307 723	52 618 356	38 192 614	24 212 615
Trade and Other Payables	21 720 451	-	-	-
Unspent conditional government grants and receipts	8 413 996	-	-	-
	61 901 236	110 871 228	80 458 930	77 228 044
2009				
Long Term liabilities				
Capital repayments	12 604 882	54 159 683	38 663 940	59 029 109
Interest	17 274 492	53 603 191	39 222 533	29 940 200
Trade and Other Payables	16 631 423	-	-	-
Unspent conditional government grants and receipts	27 045 009	-	-	-
	73 555 806	107 762 873	77 886 472	88 969 308

46 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

46.1	<u>Financial Assets</u>	<u>Classification</u>	<u>Economic Entity</u>		<u>Knysna Municipality</u>	
			<u>2010 R</u>	<u>2009 R</u>	<u>2010 R</u>	<u>2009 R</u>
Investments						
Fixed Deposits	Held to maturity		13 295 233	11 819 108	13 295 235	11 819 108
Long-term Receivables						
Land Sales	Loans and receivables		186 062	-	186 062	-
Staff loans	Loans and receivables		19 014	33 288	19 014	33 288
Old age homes	Loans and receivables		258 954	295 843	258 954	295 843
Sundry deposits	Loans and receivables		6 800	5 800	6 800	5 800
Consumer Debtors						
Service Debtors	Loans and receivables		34 332 511	31 235 966	34 332 511	31 235 966
Housing Rentals	Loans and receivables		756 890	1 439 065	756 890	1 439 065
Other Debtors	Loans and receivables		4 315 998	2 547 495	4 315 998	2 547 495
Other Debtors						
Rates	Loans and receivables		19 072 244	15 101 786	19 072 244	15 101 786
Sundry Debtors	Loans and receivables		1 062 233	968 399	1 062 233	968 399
Government Subsidies and Grants	Loans and receivables		7 906 385	1 871 636	7 906 385	1 871 636
Current Portion of Long-term Receivables						
Staff loans	Loans and receivables		18 047	18 812	18 047	18 812
Old age homes	Loans and receivables		100 386	101 851	100 386	101 851

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

46 FINANCIAL INSTRUMENTS (CONTINUED)

		Economic Entity	Knysna Municipality		
		2010 R	2009 R Restated	2010 R	2009 R Restated
Short-term Investment Deposits					
Call Deposits	Loans and receivables	26 181 834	60 706 736	26 181 834	60 706 736
Bank Balances and Cash					
Bank Balances	Loans and receivables	770 325	171 987	770 325	171 987
Cash Floats and Advances	Loans and receivables	11 470	11 270	11 470	11 270
		108 294 387	126 329 041	108 294 389	126 329 041
SUMMARY OF FINANCIAL ASSETS					
Held to maturity:					
Investments	Fixed deposits	13 295 233	11 819 108	13 295 235	11 819 108
		13 295 233	11 819 108	13 295 235	11 819 108
Loans and Receivables					
Long-term Receivables	Staff loans	19 014	33 288	19 014	33 288
Long-term Receivables	Old Age Homes	258 954	295 843	258 954	295 843
Long-term Receivables	Sundry deposits	6 800	5 800	6 800	5 800
Long-term Receivables	Land sales	186 062		186 062	
Consumer Debtors	Services	34 332 511	31 235 966	34 332 511	31 235 966
Consumer Debtors	Housing	756 890	1 439 065	756 890	1 439 065
Consumer Debtors	Other	4 315 998	2 547 495	4 315 998	2 547 495
Other Debtors	Rates	19 072 244	15 101 786	19 072 244	15 101 786
Other Debtors	Sundry debtors	1 062 233	968 399	1 062 233	968 399
Other Debtors	Government subsidies and grants	7 906 385	1 871 636	7 906 385	1 871 636
Current Portion of Long-term Receivables	Staff car loans	18 047	18 812	18 047	18 812
Current Portion of Long-term Receivables	Old Age Homes	100 386	101 851	100 386	101 851
Short-term Investment Deposits	Call deposits	26 181 834	60 706 736	26 181 834	60 706 736
Bank Balances	Bank Balances	770 325	171 987	770 325	171 987
Cash Floats and Advances	Cash Floats and Advances	11 470	11 270	11 470	11 270
		94 999 154	114 509 933	94 999 154	114 509 933
Total Financial Assets		108 294 387	126 329 041	108 294 389	126 329 041

46.2 Financial Liability

Classification

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Long-term Liabilities

Annuity Loans	At amortised cost	155 825 073	154 876 201	155 825 073	154 876 201
Consumer Deposits					
Electricity and Water	At amortised cost	8 474 945	8 183 307	8 474 945	8 183 307
Payables					
Trade payables	At amortised cost	26 298 878	21 560 194	26 298 878	21 560 194
Current Portion of Long-term Liabilities					
Annuity Loans	At amortised cost	14 457 926	12 603 149	14 457 926	12 603 149
Cash and Cash Equivalents					
Bank	At amortised cost	10 185 666	15 470 835	10 185 666	15 470 835
		215 242 487	212 693 687	215 242 487	212 693 687

47 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2009/2010.

48 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

Organisation	Contribution towards:			
Belvidere Home Owners Association	Rheenedal Project - Upgrade old clinic building	30 000	-	30 000
Eden District Municipality	Contribution towards World Cup 2010	250 000	-	250 000
General public	Millwood Museum	1 202	-	1 202
General public	Various mayoral initiatives, including Women's Day	161 833	47 950	161 833
Nedbank Corporate	SMME Business Incubator	500 000	-	500 000
Nedbank Corporate	State of the town address gala dinner	-	15 000	-
Stewart Scott International	Contribution towards World Cup 2010	60 000	-	60 000
		1 003 035	62 950	1 003 035
				62 950

49 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		Economic Entity	Knysna Municipality		
		2010 R	2010 R		
50	CONTINGENT LIABILITY				
	Claims against Council	<u>4 349 245</u>	<u>4 349 245</u>		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:				
	Alleged transfer of property to the wrong person (CK2434, ref 13/R)	Unknown	Unknown		
	Alleged wrongful impounding of trading goods and demolition of trading structure; claim for R 179 000 plus interest and costs (C01680, ref 14/11/1/13R)	179 000	179 000		
	Action instituted for damages and claims payment of R 2 030 750 plus interest @ 15.5% p.a. from 06/03/2004 and costs (C02118)	4 020 245	4 020 245		
	Successful interdict made at the High Court for closing down of waste disposal/recycling site in Sedgefield. Draft bill of costs some R 300 000; objection raised for R 150 000 (CK2609)	150 000	150 000		
		<u>4 349 245</u>	<u>4 349 245</u>		
51	RELATED PARTIES				
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
51.1	Related Party Transactions				
		Rates Levied 01/07/09 to 30/06/10	Service Charges Levied 01/07/09 to 30/06/10	Other Charges Levied 01/07/09 to 30/06/10	Outstanding Balances as at 30 June 2010
	Year ended 30 JUNE 2010				
	Councillors	38 523	73 716	788	4 948
	Municipal Manager and Section 57 Employees	23 525	58 914	-	1 892
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.				
51.2	Related Party Loans				
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.				
51.3	Compensation of key management personnel				
	The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.				
51.4	Other related party transactions				
	The following purchases were made during the year where Councillors or Management have an interest:	2010 R	2009 R		
	<u>Councilor/Staff Member</u>	<u>Entity:</u>			
	Mr. R. Bouwer (Stores Clerk)	J.C.O Terblanche	223 071		
	Mr. R. Bouwer (Stores Clerk)	P & H Enterprises	-		
	Mr. P. Claasen (Stores Officer)	G & C Suppliers	-		
	Mr. A. Finn (Member Executive Committee)	Head to Head	11 930		
	Mr. A. Finn (Member Executive Committee)	Global Wave	15 281		
			<u>250 282</u>		
			<u>600 888</u>		
52	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES				
52.01	GRAP 100 - Non-current assets and discontinued operations				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.				
52.02	GRAP 102 - Intangible Assets				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following: * Computer Software; * Servitudes.				
	The municipality is currently in the process of measuring all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.				
52.03	GRAP 12 - Inventories				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories: Land held for sale				
	The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.				
52.04	GRAP 16 - Investment Properties				
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Investment Properties.				
	The municipality is currently in the process of measuring all Investment Properties and have valued them in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2011 financial statements.				

APPENDIX A - Unaudited
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Rate	Original Loan Amount	Redeemable	Balance at 30 JUNE 2009	Correction	Balance at 30 JUNE 2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
LOCAL REGISTERED STOCK									
Brand Vorster Family Trust	19.00%	429 553	28/02/2007	-	-	-	-	-	-
Tswane City Council	16.25%	3 023 957	31/12/2008	-	-	-	-	-	-
Tswane City Council	16.35%	2 322 482	31/12/2013	2 322 482	-	2 322 482	-	-	2 322 482
Tswane City Council	16.45%	710 520	31/12/2018	710 520	-	710 520	-	-	710 520
Total Long-term Loans		6 486 512.00		3 033 002		3 033 002			3 033 002
ANNUITY LOANS									
ABSA	12.00%	3 231 818	04/02/2008	-	-	-	-	-	-
ABSA	12.00%	4 007 546	01/10/2008	-	-	-	-	-	-
ABSA	11.98%	15 000 000	30/06/2028	14 926 550	-	14 926 550	228 470	14 698 081	-
ABSA	10.65%	7 010 000	01/10/2028	6 955 274	-	6 955 274	116 190	6 839 085	-
ABSA	11.24%	7 000 000	30/09/2028	6 955 274	-	6 955 274	47 720	6 952 280	-
ABSA	10.04%	19 579 000	30/06/2029	7 000 000	-	7 000 000	311 218	19 267 782	-
ABSA	10.04%	19 579 000	30/06/2029	19 579 000	-	19 579 000	-	-	-
DBSA	11.60%	11 339 800	30/06/2021	7 161 979	-	7 161 979	596 832	6 565 147	-
DBSA	11.97%	5 077 667	30/05/2022	3 474 193	-	3 474 193	267 246	3 206 947	-
DBSA	11.97%	1 194 900	30/06/2012	398 300	-	398 300	132 767	265 533	-
DBSA	12.05%	6 898 760	30/06/2023	5 083 297	-	5 083 297	363 093	4 720 204	-
DBSA	12.05%	1 965 640	30/06/2013	873 618	-	873 618	218 404	655 213	-
DBSA	11.60%	8 594 807	30/06/2024	6 785 374	-	6 785 374	452 358	6 333 016	-
DBSA	11.60%	1 911 374	30/06/2019	1 365 267	-	1 365 267	136 527	1 228 740	-
DBSA	11.60%	1 452 650	30/06/2014	807 028	-	807 028	807 028	161 406	645 622
DBSA	10.70%	9 380 257	31/12/2025	8 146 012	-	8 146 012	493 698	7 652 315	-
DBSA	10.70%	1 500 330	31/12/2020	1 232 414	-	1 232 414	107 166	1 125 248	-
DBSA	10.70%	1 979 824	31/12/2015	1 444 669	-	1 444 669	222 257	1 222 412	-
DBSA	10.70%	2 024 531	31/12/2010	797 130	-	797 130	531 420	265 710	-
DBSA	13.75%	34 437 967	30/06/2015	24 640 500	-	24 640 500	2 872 676	21 767 824	-
DBSA	11.25%	5 386 431	30/06/2026	5 710 776	-	5 710 776	335 928	5 374 848	-
DBSA	11.29%	1 741 830	30/06/2021	1 465 553	-	1 465 553	122 129	1 343 424	-
DBSA	11.25%	2 393 924	30/06/2016	1 691 769	-	1 691 769	241 681	1 450 088	-
Eden District Municipality	0.00%	504 000	30/06/2013	126 000	-	126 000	25 200	100 800	-

APPENDIX A - Unaudited
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	Rate	Original Loan Amount	Redeemable	Balance at 30 JUNE 2009	Correction	Balance at 30 JUNE 2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
INCA	10.77%	2 561 506	23/06/2011	1 145 506		1 145 506			552 000
INCA	10.81%	18 607 000	15/02/2027	18 018 618		18 018 618			350 903
INCA	10.87%	8 390 000	31/12/2012	6 357 144		6 357 144			1 582 890
INCA	11.25%	2 600 000	23/05/2018	2 475 779		2 475 779			4 742 254
INCA	11.24%	5 884 000	20/03/2019	5 884 000		5 884 000			2 305 048
INCA	10.72%	5 106 000	20/03/2014	5 106 000		5 106 000			5 539 331
Nedbank	10.08%	14 960 000	17/06/2020				14 960 000		4 284 460
Total Annuity Loans		231 300 560		158 651 749		158 651 749	14 960 000	11 807 117	161 804 631
LEASE LIABILITY									
Finance Leases				880 608	1 892 254	2 772 862	383 187		3 156 050
Total Lease Liabilities				880 608	1 892 254	2 772 862	383 187	-	3 156 050
TOTAL EXTERNAL LOANS				162 565 359	1 892 254	164 457 613	15 343 187	11 807 117	167 993 683

APPENDIX B - Unaudited
 SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010
 GENERAL FINANCE STATISTICS CLASSIFICATION

Economic Entity

Economic Entity	Cost/Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	B/F Adjustments	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	B/F Adjustments	Additions	Disposals	
Executive and Council	2 576 078	-	437 891	-	31 144	3 013 969	1 801 258	-	232 141	-	2 033 399
Finance & Administration	40 381 925	2 034 490	5 494 129	-	3 977	47 879 399	17 679 113	149 634	3 031 380	18 091	20 815 986
Planning & Development	218 763	200 418	84 969	-	-	500 173	76 828	67 457	30 615	-	292 882
Health	855 828	-	-	-	-	855 828	445 990	-	-	-	476 605
Community & Social Services	5 744 705	37 519	143 380	210 099	-	6 135 703	2 828 290	28 661	311 365	-	3 168 316
Housing	167 578 891	-	3 990 282	-	-	171 569 173	21 768 197	0	5 395 893	-	144 405 083
Public Safety	11 099 179	12 835	250 587	34 341	41 020	11 365 923	5 096 183	8 379	734 738	22 437	5 539 060
Sport & Recreation	13 800 346	-	1 554 493	-	-	15 354 839	7 080 373	1	752 120	-	7 532 345
Waste Management	12 742 450	-	802 617	-	-	13 545 067	4 353 078	-	1 262 426	-	5 615 504
Roads & Transport	82 901 614	-7 962	12 609 204	144 210	2 205	95 644 862	50 314 408	-9 998	4 125 344	2 204	54 427 550
Water	126 041 321	-	22 774 116	37 176 312	5 624	185 866 125	45 225 972	0	6 152 183	357	51 377 798
Electricity	106 728 536	-	11 482 588	1 918 180	-	120 129 304	38 575 646	1	4 826 342	-	43 401 989
Waste Water Management	72 740 761	-	479 576	5 680	3 772	73 222 245	27 841 172	1	3 304 464	3 760	31 141 877
	643 410 397	2 277 300	60 103 833	39 488 823	87 742	745 192 610	223 159 314	227 457	30 226 469	47 886	253 565 353
											491 627 256

Knysna Municipality

Economic Entity	Cost/Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	B/F Adjustments	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	B/F Adjustments	Additions	Disposals	
Executive and Council	2 576 078	-	437 891	-	-	3 013 969	1 801 258	-	232 141	-	2 033 399
Finance & Administration	40 381 925	2 034 490	5 494 129	-	3 977	47 879 399	17 679 113	149 634	3 031 380	18 091	20 815 986
Planning & Development	218 763	200 418	84 969	-	-	500 173	76 828	67 457	30 615	-	292 882
Health	855 828	-	-	-	-	855 828	445 990	-	-	-	476 605
Community & Social Services	5 744 705	37 519	143 380	210 099	-	6 135 703	2 828 290	28 661	311 365	-	3 168 316
Housing	167 578 891	-	3 990 282	-	-	171 569 173	21 768 197	0	5 395 893	-	144 405 083
Public Safety	11 099 179	12 835	250 587	34 341	41 020	11 365 923	5 096 183	8 379	734 738	22 437	5 539 060
Sport & Recreation	13 800 346	-	1 554 493	-	-	15 354 839	7 080 373	1	752 120	-	7 832 494
Waste Management	12 742 450	-	802 617	-	-	13 545 067	4 353 078	-	1 262 426	-	5 615 504
Roads & Transport	82 901 614	-7 962	12 609 204	144 210	2 205	95 644 862	50 314 408	-9 998	4 125 344	2 204	54 427 550
Water	126 041 321	-	22 774 116	37 176 312	5 624	185 866 125	45 225 972	0	6 152 183	357	51 377 798
Electricity	106 728 536	-	11 482 588	1 918 180	-	120 129 304	38 575 646	1	4 826 342	-	43 401 989
Waste Water Management	72 740 761	-	479 576	5 680	3 772	73 222 245	27 841 172	1	3 304 464	3 760	31 141 877
	643 410 397	2 277 300	60 103 833	39 488 823	87 742	745 192 610	223 159 314	227 457	30 226 469	47 886	253 565 353
											491 627 256

APPENDIX C - Unaudited
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Economic Entity

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
5 316 892	20 562 643	(15 245 751)	Executive and Council	10 634 609	27 992 104	(17 357 495)
96 017 170	25 431 155	70 586 015	Finance & Administration	125 213 758	36 948 767	88 264 990
1 962 191	6 282 018	(4 319 827)	Planning & Development	2 282 840	7 706 740	(5 423 900)
3 282	3 052 423	(3 049 141)	Health	-	3 309 713	(3 309 713)
953 489	7 967 867	(7 014 378)	Community & Social Services	1 390 200	9 092 746	(7 702 546)
42 182 478	42 029 455	153 023	Housing	38 784 948	51 875 275	(13 090 327)
2 578 777	14 832 198	(12 253 421)	Public Safety	2 206 462	16 908 071	(14 701 609)
708 451	10 939 045	(10 230 594)	Sport & Recreation	1 544 830	10 494 020	(8 949 189)
19 076 111	19 390 073	(313 962)	Waste Management	16 732 749	18 042 833	(1 310 084)
19 120 699	19 722 979	(602 281)	Roads & Transport	14 293 541	24 574 281	(10 280 740)
47 991 680	36 235 594	11 756 086	Water	91 561 647	37 752 234	53 809 413
103 172 904	90 481 135	12 691 769	Electricity	128 309 122	109 150 503	19 158 620
13 300 056	30 281 618	(16 981 562)	Waste Water Management	12 718 715	22 208 197	(9 489 482)
352 384 180	327 208 204	25 175 975	Total	445 673 420	376 055 482	69 617 938

Knysna Municipality

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
5 316 892	20 562 643	(15 245 751)	Executive and Council	10 634 609	27 992 104	(17 357 495)
96 017 170	25 431 155	70 586 015	Finance & Administration	125 213 758	36 986 707	88 227 050
1 962 191	6 282 018	(4 319 827)	Planning & Development	2 282 840	7 706 740	(5 423 900)
3 282	3 052 423	(3 049 141)	Health	-	3 309 713	(3 309 713)
953 489	7 967 867	(7 014 378)	Community & Social Services	1 390 200	9 092 746	(7 702 546)
42 182 478	42 029 455	153 023	Housing	38 784 948	51 875 275	(13 090 327)
2 578 777	14 832 198	(12 253 421)	Public Safety	2 206 462	16 908 071	(14 701 609)
708 451	10 939 045	(10 230 594)	Sport & Recreation	1 544 830	10 494 020	(8 949 189)
19 076 111	19 390 073	(313 962)	Waste Management	16 732 749	18 042 833	(1 310 084)
19 120 699	19 722 979	(602 281)	Roads & Transport	14 293 541	24 574 281	(10 280 740)
47 991 680	36 235 594	11 756 086	Water	91 561 647	37 752 234	53 809 413
103 172 904	90 481 135	12 691 769	Electricity	128 309 122	109 150 503	19 158 620
13 300 056	30 281 618	(16 981 562)	Waste Water Management	12 718 715	22 208 197	(9 489 482)
352 384 180	327 208 204	25 175 975	Total	445 673 420	376 093 422	69 579 998

APPENDIX D(1) - Unaudited
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Economic Entity

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property Rates	108 596 693	108 199 000	397 693	0.37%
Government Grants and Subsidies - Capital	65 194 971	65 023 000	171 971	0.26%
Government Grants and Subsidies -	61 731 894	57 387 000	4 344 894	7.57%
Public Contributions and Donations	2 328 304	148 000	2 180 304	1473.18%
Fines	2 124 790	1 912 000	212 790	11.13%
Other non-exchange revenue	2 157 015	620 000		
Third Party Payments	429 835	43 000	386 835	899.62%
Stock Adjustments	23 247	-	23 247	0.00%
Actuarial Gains	6 061 408	-	6 061 408	0.00%
Property Rates - Penalties & Collection				
Charges	1 925 726	2 192 000	(266 274)	-12.15%
Service Charges	175 578 648	180 553 000	(4 974 352)	-2.76%
Rental of Facilities and Equipment	3 809 898	2 580 000	1 229 898	47.67%
Interest Earned - External Investments	5 875 952	5 648 000	227 952	4.04%
Interest Earned - Outstanding Debtors	3 777 443	4 840 000	(1 062 557)	-21.95%
Licences and Permits	1 378 720	1 373 000	5 720	0.42%
Agency Services	1 688 898	1 695 000	(6 102)	-0.36%
Other Revenue	1 290 679	1 003 000	287 679	28.68%
Unamortised Discount - Interest	748 041		748 041	0.00%
Reversal of provisions	708 060		708 060	0.00%
Gains on Disposal of PPE	243 197	-	243 197	0.00%
Total Revenue	445 673 420	433 216 000	10 920 404	24.36
EXPENDITURE				
Executive and Council	27 992 104	17 754 390	10 237 714	57.66%
Finance & Administration	36 948 767	33 500 160	3 448 607	10.29%
Planning & Development	7 706 740	8 318 870	(612 130)	-7.36%
Health	3 309 713	3 447 310	(137 597)	-3.99%
Community & Social Services	9 092 746	10 022 830	(930 084)	-9.28%
Housing	51 875 275	44 287 020	7 588 255	17.13%
Public Safety	16 908 071	15 432 820	1 475 251	9.56%
Sport & Recreation	10 494 020	11 059 110	(565 090)	-5.11%
Waste Management	18 042 833	20 830 110	(2 787 277)	-13.38%
Roads & Transport	24 574 281	29 427 920	(4 853 639)	-16.49%
Water	37 752 234	36 293 990	1 458 244	4.02%
Electricity	109 150 503	109 017 080	133 423	0.12%
Waste Water Management	22 208 197	23 664 530	(1 456 333)	-6.15%
Total Expenditure	376 055 482	363 056 140	12 999 342	0.37
SURPLUS / (DEFICIT) FOR THE YEAR	69 617 938	70 159 860	(2 078 937)	23.99

Knysna Municipality

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)
REVENUE				
Property Rates	108 596 693	108 199 000	397 693	0.37%
Government Grants and Subsidies - Capital	65 194 971	65 023 000	171 971	0.26%
Government Grants and Subsidies -	61 731 894	57 387 000	4 344 894	7.57%
Operating	2 328 304	148 000	2 180 304	1473.18%
Public Contributions and Donations	2 124 790	1 912 000	212 790	11.13%
Fines	2 157 015	620 000		
Other non-exchange revenue				
Third Party Payments	429 835	43 000	386 835	899.62%
Stock Adjustments	23 247	-	23 247	0.00%
Actuarial Gains	6 061 408	-	6 061 408	0.00%
Property Rates - Penalties & Collection				
Charges	1 925 726	2 192 000	(266 274)	-12.15%
Service Charges	175 578 648	180 553 000	(4 974 352)	-2.76%
Rental of Facilities and Equipment	3 809 898	2 580 000	1 229 898	47.67%
Interest Earned - External Investments	5 875 952	5 648 000	227 952	4.04%
Interest Earned - Outstanding Debtors	3 777 443	4 840 000	(1 062 557)	-21.95%
Licences and Permits	1 378 720	1 373 000	5 720	0.42%
Agency Services	1 688 898	1 695 000	(6 102)	-0.36%
Other Revenue	1 290 679	1 003 000	287 679	28.68%
Unamortised Discount - Interest	748 041	-	748 041	0.00%
Reversal of provisions	708 060	-	708 060	0.00%
Gains on Disposal of PPE	243 197	-	243 197	0.00%
Total Revenue	445 673 420	433 216 000	10 920 404	24.36
EXPENDITURE				
Executive and Council	27 992 104	17 754 390	10 237 714	57.66%
Finance & Administration	36 986 707	33 500 160	3 486 547	10.41%
Planning & Development	7 706 740	8 318 870	(612 130)	-7.36%
Health	3 309 713	3 447 310	(137 597)	-3.99%
Community & Social Services	9 092 746	10 022 830	(930 084)	-9.28%
Housing	51 875 275	44 287 020	7 588 255	17.13%
Public Safety	16 908 071	15 432 820	1 475 251	9.56%
Sport & Recreation	10 494 020	11 059 110	(565 090)	-5.11%
Waste Management	18 042 833	20 830 110	(2 787 277)	-13.38%
Roads & Transport	24 574 281	29 427 920	(4 853 639)	-16.49%
Water	37 752 234	36 293 990	1 458 244	4.02%
Electricity	109 150 503	109 017 080	133 423	0.12%
Waste Water Management	22 208 197	23 664 530	(1 456 333)	-6.15%
Total Expenditure	376 093 422	363 056 140	13 037 282	0.37
SURPLUS / (DEFICIT) FOR THE YEAR	69 579 998	70 159 860	(2 116 877)	23.99

APPENDIX D (2) - Unaudited
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Economic Entity

	2010	2010	2010	2010	2010	2010
	Actual	Under Construction	Total Additions	Budget	Variance	Variance
	R	R	R	R	R	%
Executive and Council	437 891		437 891	1 430 000	(992 109)	-69.38%
Finance & Administration	5 494 129		5 494 129	13 691 000	(8 196 871)	-59.87%
Planning & Development	84 969		84 969	-	84 969	0.00%
Health	-		-	-	-	0.00%
Community & Social Services	143 380	210 099	353 479	501 000	(147 521)	-29.45%
Housing	3 990 282		3 990 282	6 816 000	(2 825 718)	-41.46%
Public Safety	250 587	34 341	284 929	141 000	143 929	102.08%
Sport & Recreation	1 554 493		1 554 493	70 000	1 484 493	2120.70%
Waste Management	802 617		802 617	736 000	66 617	9.05%
Roads & Transport	12 609 204	144 210	12 753 414	8 770 000	3 983 414	45.42%
Water	22 774 116	37 176 312	59 950 428	63 369 000	(3 418 572)	-5.39%
Electricity	11 482 588	1 918 180	13 400 768	14 879 000	(1 478 232)	-9.94%
Waste Water Management	479 576	5 680	485 256	441 000	44 256	10.04%
Total	60 103 833	39 488 823	99 592 656	110 844 000	(11 251 345)	-10.15%

Knysna Municipality

	2010	2010	2010	2010	2010	2010
	Actual	Under Construction	Total Additions	Budget	Variance	Variance
	R	R	R	R	R	%
Executive and Council	437 891		437 891	1 430 000	(992 109)	-69.38%
Finance & Administration	5 494 129		5 494 129	13 691 000	(8 196 871)	-59.87%
Planning & Development	84 969		84 969	-	84 969	0.00%
Health	-		-	-	-	0.00%
Community & Social Services	143 380	210 099	353 479	501 000	(147 521)	-29.45%
Housing	3 990 282		3 990 282	6 816 000	(2 825 718)	-41.46%
Public Safety	250 587	34 341	284 929	141 000	143 929	102.08%
Sport & Recreation	1 554 493		1 554 493	70 000	1 484 493	2120.70%
Waste Management	802 617		802 617	736 000	66 617	9.05%
Roads & Transport	12 609 204	144 210	12 753 414	8 770 000	3 983 414	45.42%
Water	22 774 116	37 176 312	59 950 428	63 369 000	(3 418 572)	-5.39%
Electricity	11 482 588	1 918 180	13 400 768	14 879 000	(1 478 232)	-9.94%
Waste Water Management	479 576	5 680	485 256	441 000	44 256	10.04%
Total	60 103 833	39 488 823	99 592 656	110 844 000	(11 251 345)	-10.15%

APPENDIX E - Unaudited
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Correction of error	Restated balance 01-Jul-09	Contributions during the year	Operating Expenditure during the year	Capital Expenditure during the year	Transferred to Revenue	Balance 30 JUNE 2010
UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS								
			R	R	R	R	R	R
Dist Grant - Karatara Water Meters	(200 000)		(173 675)	(200 000)	(754 211)			(200 000)
Dist Grant - Priority Funding	927 886		-	754 211				0
Dist Grant - LED Interns	-			(90 000)				(90 000)
Dist Grant - Knysna Municipality Bio Diversity	(413 043)			(413 043)				(234 761)
Nat Grant - DWA/F: Masibambane	-			-	(19 283 275)	19 283 275		-
Nat Grant - Equitable Share	-				(1 108 000)			-
Nat Grant - Integrated Electrification Program	8 017			8 017				-
Nat Grant - Local Government Finance Management Grant	(6 439 959)			(6 439 959)				-
Nat Grant - Municipal Infrastructure Grant: Disaster Relief	(5 055 445)			(5 055 445)	(17 765 000)	1 960 600	15 191 672	(5 668 173)
Nat Grant - Municipal Infrastructure Grant	(13 225 846)			(13 225 846)	-	1 203 320	12 022 527	-
Nat Grant - Municipal Infrastructure Grant (Disaster Relief - Floods)	(75 080)			(75 080)	(500 000)	548 361	26 719	0
Nat Grant - Municipal System Improvements Grant	-			-	(22 200 000)		27 515 156	5 315 156
Nat Grant - Municipal Disaster Management Grant (MDMG)	-			-	(500 000)		500 000	-
Nat Grant - Bulk Infrastructure Grant	-			-	(360 000)	32 833	32 833	-
Prov Grant - Community Development Worker (Operat)	-			-	(360 000)	360 000	-	-
Prov Grant - Library	-			-	(919 172)	-	-	-
Prov Grant - Electricity Masterplan (LocGov& Hsg)	919 172			-	(19 604)	(110 950)	59 605	(70 949)
Prov Grant - Emergency Housing Program (LocGov& Hsg)	(19 604)			-	(34 961 638)	35 165 659	1 818 085	2 126 375
Prov Grant - Housing Consumer Education	104 258			104 258	-	-	-	-
Prov Grant - Integrated Housing & Human Settlement (LocGov& Hsg)	(62 000)			(62 000)		62 000	-	-
Prov Grant - Khayalethu River Project	-			-	(464 031)	-	-	-
Prov Grant - Local Government Project Preparation	-			-	(90 000)	-	-	-
Prov Grant - Maintenance of Proclaimed Roads	-			-	(821 000)	49 845	49 845	(40 155)
Prov Grant - Non-Motorised Transport	-			-	(350 000)	502 724	502 724	(318 276)
Prov Grant - Public Transport Facility (Trans PW)	-			-		183 929	183 929	(166 071)
Prov Grant - Spatial Development Framework	-			-		-	-	(458 351)
Prov Grant - Spatial Development Framework	(90 000)			-				-
Prov Grant - Ward Based Projects	-			-				-
Prov Grant - Poverty Alleviation (Social Development)	-			-				-
Prov Grant - Performance Management System (Management Support)	(349 831)			349 831				-
Other Grant - DBSA: Environmental Mngmt Initiative	(79 857)			79 857	-			-
Other Grant - National Lottery (Sport)	(1 000 000)			(1 000 000)				-
Other Grant - Govan Mbeki National Housing Award	5 278			5 278	(521 014)	251 142	251 142	432 021
Other Grant - LG Seta Learnerships	-			-	(766 000)	515 736	515 736	(533 849)
Other Grant - IDC:Development Agency	-			-	(250 000)	218 042	218 042	(547 958)
Other Grant - UYF: Youth Advisory Centre	-			-	164 546	164 546	164 546	(85 454)
Total	(25 350 373)	176 156	(25 174 216)	(102 260 260)	61 731 884	65 194 971	(507 611)	

5.3 MUNICIPAL MANAGER'S COMMENTS ON THE REPORT OF THE AUDITOR-GENERAL FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

For the third successive financial year Knysna has received an unqualified audit report. Although this calls for celebration, it is important for Knysna Municipality not to rest on its laurels, but to improve on that.

The following matters however warrant comment:

1. EMPHASIS OF MATTER

Four issues were raised in this regard.

- 1) Significant uncertainties – these are commonly known as contingent liabilities and are disclosed in the statements.
- 2) Restatement of corresponding figures – some of these were to do with the on-going GRAP implementation. Others were errors which were corrected.
- 3) Material Losses – these were in regard to water and it should be pointed out that Knysna's water losses are well within the norm expected within both developed and developing countries.
- 4) Material under spending of the budget – this is explained within the statements and is with respect a misnomer on the part of the Auditor-General.

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The balance of the report, with the exception of a section on supply chain management (see below) deals with performance information and performance management.

It is accepted that there are issues regarding performance information and management still requiring further work but these are mainly to do with the mechanics of the system rather than the principles behind performance management.

In the absence of a national system or even appropriate national guidelines the Auditor-General recently stated that as far as non-metros are concerned performance issues will continue to be shown as is until "the environment shows a state of readiness".

3. SUPPLY CHAIN MANAGEMENT

All Supply Chain Management issues covered by the MFMA were disclosed in notes 41.1 and 41.3 of the Financials.

4. WAY FORWARD

An internal committee is being put in place, chaired by the CFO and reporting to the Municipal Manager to manage Operation: Clean Audit Report. A report will be submitted to the Finance and Governance Committee setting out the mechanics of how all the issues identified in the Audit Report will be handled and progress thereafter will be reported monthly to the Committee and ultimately to Council and the Audit Committee. All issues raised in the A-G report will also be included in departmental SDBIP's going forward.

With regard to the performance section an external service provider involved in performance auditing to A-G standards will be appointed to assist in ensuring the linkages from the IDP through to the performance contracts, as required by the A-G, are properly in place. This will also be monitored and reported upon as per the above.

J.B. Douglas

Municipal Manager

5.4 REPORT OF THE AUDIT COMMITTEE

2009/2010 FINANCIAL YEAR: REPORT OF THE KNYSNA AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS AND RESPONSE TO THE REPORT OF THE AUDITOR-GENERAL ("A-G")

INTRODUCTION

Apart from being required to assist Council in discharging Council's oversight responsibilities and to advise Council, its political office-bearers, Councillors, Management and staff on various matters, the Audit Committee is specifically mandated by the MFMA and the Audit Committee Charter to:

- 1) Review the Municipality's annual financial statements to provide Council with an authoritative and credible view of the financial position of the Municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA and other applicable legislation.
- 2) Respond to Council on any issues raised by the A-G in the A-G's audit report.

In our report, we shall deal with these two items in reverse order.

Our comments on the A-G's audit report do not deal with any items relating to the new municipal entity, the Knysna Economic Development Agency, as the entity was still in the process of getting organized by the year-end, was not in a position to meet many of the requirements normally applicable to municipal entities and had a negligible impact on the Municipality's financial statements.

RESPONSES TO ISSUES RAISED IN THE A-G'S REPORT FOR 2009/2010

Report on the Consolidated Financial Statements

The Municipality, and particularly its Finance Directorate, is once again to be congratulated that it has received **an unqualified audit report**, this time for the third year in succession and for the fourth time in five years. This is a very praiseworthy achievement, particularly in the light of the continuing process of adapting to the GRAP system of accounting and of the Directorate's severe staffing constraints. It is to be hoped that this high standard of performance will be maintained. However, it is disappointing that the A-G once again had cause to point out in his Management Report a number of material misstatements in the financial statements presented to him for the audit. Although the misstatements were corrected in the statements that were finally audited, this sort of error should not take place.

It is important to note that an unqualified audit report is not the same as a "clean audit report". Our Municipality did not achieve a clean audit report, as the A-G's report raises a number of points under the heading "Emphasis of Matters", which are not serious enough to result in a qualified audit opinion but which the A-G felt were important enough to require emphasis. All of the four items under this heading are dealt with in notes to the financial statements and are, we feel, satisfactorily self-explanatory. One of these dealt with water distribution losses, which the A-

G felt needed emphasizing because of the very difficult water situation in the Eden District; we are nevertheless pleased to note that these losses have dropped from 28,8% the previous year to 25,8% in 2009-2010 and apparently compare well with other municipalities' results. However, efforts towards further improvement should continue.

Furthermore, although not doing so for the purposes of expressing an audit opinion this year, the A-G has also reported at some length on shortcomings in the Municipality's performance in respect of other legal and regulatory requirements which the Municipality is legally obligated to meet. We deal with these immediately below.

Report On Other Legal And Regulatory Requirements

Predetermined Objectives

Under this heading, which deals with performance issues, the A-G:

- 1) in effect points out that the Municipality did not have a properly functioning performance management system, as required by sec. 38 of the Systems Act and the relevant Performance Regulations;
- 2) states that the half-yearly assessment of the Municipality's performance for that period did not contain a report on its service delivery performance and the service delivery targets and performance indicators set in the SDBIP and the previous year's Annual Report, nor on progress in resolving problems identified in that Annual Report;
- 3) states that KPIs were not set for all employees, as required;
- 4) reports that he could not find that sufficient appropriate evidence was maintained by the Municipality that KPIs affected by amendments were adequately reviewed;
- 5) finds that, in respect of the usefulness of reported performance information, none of the targets set by the Municipality for the objectives selected were aligned between the IDP and the SDBIP; and
- 6) finds that, in respect of the reliability of reported performance information on housing, the validity, accuracy and completeness of the actual performance reported by the Municipality for the selected objectives could not be established, as sufficient appropriate audit evidence and/or source documentation could not be provided for audit purposes.

The A-G also finds, under the section on **Internal Control**, in relation to performance issues that:

- 7) the lack of implementation of a documented performance framework *"has resulted in data collection for reporting on predetermined objectives not being implemented, resulting in incomplete and inaccurate reporting for the municipality..."*;
- 8) *"actions were not in all instances taken by the municipality to address risks relating to achievement of complete and accurate performance reporting and to adequate linkage between the IDP and the SDBIP and the targets reported in the annual performance plan"*;
- 9) *"[a]dequate processes have not been implemented to ensure that the report on predetermined objectives is accurate and complete and that the actual performance reported in the annual performance report was adequately supported by sufficient appropriate evidence in respect of the municipality..."*; and
- 10) *"[a]lthough internal audit performed reviews on the performance reporting of the municipality, these reviews did not extend to the systems and processes underlying performance reporting.* The risk of inaccurate and incomplete performance reporting was

not identified by management to inform the focus of the internal audit plan in this regard...”.

The above findings indicate that there is still a long way to go before the Municipality can claim to have a properly functioning performance management system. For some years we have been stressing the need for such a system, but a sense of urgency seems to have been lacking. Only when senior management, political office-bearers and Council as a whole give proper and dedicated attention to this and provide to the manager concerned the necessary resources, personal commitment and support can such a system be achieved and have a chance to operate effectively.

In our view, top Management should place much more emphasis on implementing the type of system envisaged in the Systems Act and Regulations, geared towards service delivery. To the shortcomings listed above we would add our strong doubts as to whether the whole IDP/Budget/SDBIP process, including adequate public participation in reviewing the previous year's performance as well as in setting new KPIs and targets for the year in question, was properly conducted in the first place. Such a process is fundamental to the effective functioning of a performance management system. We therefore have serious reservations about the reliability of the performance evaluations for top management and consequently about the awarding of performance bonuses for the year in question. In our view, Council should seriously consider these issues, and the compliance and risk issues referred to below, before deciding on whether it approves the evaluations and the payment of any bonuses to the senior staff.

Compliance With Laws And Regulations

The A-G points out that the accounting officer (i.e. the Municipal Manager) was not notified in writing on a monthly basis, as required, of all written and verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation. He also draws attention to unauthorized expenditure totaling R22,5m (covered by note 41.1 in the financial statements) and irregular expenditure of R29,4m (covered by note 41.3).

The A-G then states, under the heading “Internal Control, that *“the accounting officer and accounting authority did not adequately exercise oversight responsibility over compliance with laws and regulations This is evidenced by the extent of non-compliance reported in relation to procurement and contract management identified by the municipality..... The municipality's financial improvement plan did not adequately address compliance with laws and regulations.”* He goes on to say that *“[r]isks relating to procurement and contract management and compliance with laws and regulations were not adequately identified and included in the formal risk assessment to inform the operational plan of the internal audit of the municipality.”*

We share the A-G's clear concerns about aspects of the procurement process and the oversight that has been lacking. However, although he mentions the failure to identify risks in relation to this and other individual issues, we believe there should be much more emphasis on **Risk Management** at the Municipality. There is currently no risk policy in place (although a policy has been drafted for workshopping and adoption, which should be expedited), there is no risk committee and a comprehensive risk assessment (which is supposed to underpin the whole internal audit programme) has not been carried out for more than four years. This is most unsatisfactory. As is the case with performance management, risk management requires the full support and commitment of all role players at the Municipality.

Information Technology Systems Audit

Although not mentioned in his report, the A-G did conduct an ITS audit, the findings of which he reported in his Management Letter to the Municipality. Weaknesses were identified in respect of:

- 1) change management controls;
- 2) IT service continuity controls;
- 3) Facilities and environmental controls;
- 4) User access controls; and
- 5) IT governance.

In view of the Municipality's heavy reliance on its IT systems to perform many of its vital functions, these weaknesses need to be remedied.

Internal Audit

We wish to place on record our concern about the delays in making a formal appointment of an Internal Auditor after the expiry of Meyer Otto's formal contract at end June 2010. At the date of writing our report, no tender award has yet been announced. This, together with the shortcomings regarding risk management referred to above, has created an unsatisfactory situation that could potentially lead to inadequate control at the Municipality.

REVIEW OF THE MUNICIPALITY'S FINANCIAL POSITION, EFFECTIVENESS AND COMPLIANCE

In his Executive Summary of the 2010-2011 Municipal Budget, the Municipality's CFO stressed that Knysna was economically weak. We agree with that assessment. The town is highly dependent on tourism, which is depressed and likely to remain so for some years because of the protracted world recession. Construction is also weak. Large numbers of houses are up for sale and many B&Bs and other businesses are closing down.

Another series of economic blows to hit the town (as well as the rest of the country) in recent years is the successive large rises in electricity charges levied on the Municipality by Eskom and only partly passed on by the Municipality to consumers in its electricity tariffs. For the next three years the costs payable to Eskom for electricity will go up by about 30% per year, whereas the average tariff charged to consumers by the Municipality will increase by only around 20% per year. This means that the people of Knysna will be effectively paying for Eskom's bad management not only by means of the greatly increased electricity tariffs but also by making up the shortfall from property taxes, other tariffs and/or reduced service delivery.

Knysna's tax base is very narrow, being heavily dependent on domestic ratepayers, a large percentage of whom are retirees of limited means, for whom the current historically very low interest rates also mean lower incomes. The non-domestic sector in Knysna has not grown over the past ten to fifteen years, while the influx of people mainly from the Eastern Cape continues apace. Taking all of these factors into account, it can be expected, therefore, that the Municipality's scope for property tax increases and the ability of its debtors to pay their bills to the Municipality for taxes and services will come under pressure. Other sources of municipal income are presently largely out of the control of municipalities.

In the light of the above, the Municipality has already instituted some cost-cutting measures, has started tightening up on its payment enforcement regime and is wisely limiting its borrowings substantially over the next three years, compared to borrowings during the previous three years.

At the same time, the Municipality actually spends very limited amounts on social and community backlogs for the poorer communities in the town. As the CFO has pointed out, over the past five years the Municipality has spent nearly R100m capital on water and sewerage projects and about R50m on electricity, but only R10m on social and community projects.

REVENUE

During the year ended 30 June 2010 revenue increased by R95m from R350m in 2009 to R445m in 2010. This represents a 27% increase. This increase is the result of increased income from property taxes (up by R28m), electricity tariffs (up by nearly R24m), and government grants and subsidies (up by R43m). The grants and subsidies represented 29% of the total revenue as compared to 24% in the previous year. The biggest increase in the grants was for disaster management related to the floods in August 2007 and the subsequent drought. The equitable share grant of R19,3m, which represents the Municipality's share of national revenue, only made up 4,3% of total revenue compared to 5,2% in 2009. This grant is meant to cover the cost of services to the indigent members of the community but this year did not even cover the increase in the cost of electricity. The quantum of the equitable share is of concern to all municipalities and especially to Knysna, whose share is based on hopelessly outdated population figures.

The gross profit percentage from the sale of electricity was 41% in 2010 compared to 43% in 2009. This is in line with the norm that the gross profit percentage should be in excess of 40%.

EXPENDITURE

Employee-related costs increased by 13%, but as a percentage of total expenditure decreased slightly from 30,8% in 2009 to 30,3% in 2010. The national norm for employee related costs is 40% which indicates that the Municipality is understaffed. This certainly appears to be so in the case of professional staff in the Financial Directorate and the technical departments. On the other hand, the total employee-related costs of just under R114m in 2010 exceeded the revenue of R109m from property taxes, a situation that gives cause for concern because of the very small scope for property tax increases.

The costs of repairs and maintenance as a percentage of expenditure has decreased further, from 5,8% in 2009 to 4,6% in 2010. The national average according to the Dr Michael Sutcliffe, The City Manager of eThekweni Metropolitan Municipality, is 7%. As the assets of the Municipality, especially relating to infrastructure, are already old more will have to be spent in future if these assets are to remain productive.

RECEIVABLES

Total Net receivables (after provision for doubtful debts) increased by 16,0% from R51m in 2009 to R59m in 2010. The Gross receivables over 90 days increased from R38m in 2009 to R52m in 2010 or by 36,7%. The provision for bad debts at the end of 2010 was R27m compared to R20m in 2009. The collection period however has remained the same at 104 days for 2009 and 2010. This could be difficult to maintain, let alone improved upon, under the current difficult economic conditions, hence the tightening up on payment enforcement measures.

LIABILITIES

The ratio of current assets to current liabilities has improved only marginally from 1,24 in 2009 to 1,28 in 2010. This ratio measures the ability of the Municipality to use its near cash assets to meet its current liabilities. The norm for this ratio is 1,75. The fact that this ratio is still far below the norm indicates a potential liquidity problem. Also, the quick ratio, which is the ratio of current assets excluding receivables and inventory has decreased from 0,68 in 2009 to 0,53 in 2010. The norm in this case is 1.

These ratios indicate the current financial health of the Municipality and are very important to creditors and in particular long-term Creditors. The Municipality's liquidity position therefore continues to be of major concern and will have to receive serious attention in order to reflect improvements in the future. As indicated above, Management is doing what it can to manage the situation.

COMPLIANCE, EFFICIENCY & EFFECTIVENESS

As far as compliance, in relation to financial matters, with the provisions of the Municipal Finance Management Act (MFMA) and other legislation is concerned, the Municipality continues to do reasonably well, particularly when compared to many other Municipalities.

However, the shortcomings related to the risk management, performance management and other legal and regulatory issues referred to in the section of our Report dealing with the A-G's Report give serious cause for concern. Until these matters are fully addressed, the Municipality will not be able to meet the required standards of efficiency and effectiveness required to manage the town optimally and achieve the necessary standard of service delivery.

CONCLUSION AND RECOMMENDATIONS

From our perspective, we cannot help getting the impression that, with a few notable individual exceptions, there is not a sufficient appreciation among most Councillors, the Municipal staff and even some of the senior managers of the Municipality of the seriousness of the financial, infrastructural and service delivery challenges facing the Municipality, nor the importance of proper discipline and oversight, risk management, performance management and legal compliance.

For some years now we have been warning that Knysna faces tough choices and, in the absence of any clear indication of the introduction in the near future by the national government of radically increased national funding, or other direct taxation opportunities for municipalities, urgent steps will have to be taken by the Municipality to enable these tough choices to be wisely made and for new strategic plans to be drawn up and implemented. Idle or unrealistic promises from politicians to the electorate will only raise unattainable expectations and make solutions even more difficult to achieve. What is required now is really responsive and responsible government, innovative thinking and a willingness on all sides to draw all our residents into the decision-making process and the implementation phase of agreed new plans for Knysna's future.

We recommend that Council –

1. Note and consider the Auditor General's Report and the Audit Committee's Annual Report and take appropriate and timeous action in regard to matters raised therein;
2. Approve the Municipality's audited Financial Statements for the year 2009-2010; and
3. Direct its Finance, Economic Development and Governance Committee to review, at its February 2011 meeting, the A-G's report and the Audit Committee's Annual Report and draw up proposed action for consideration by Council and Management arising out of these reports.

We express our thanks to those of the Municipality's senior Management and staff (especially the Financial Director and his staff) who have given us their close co-operation during the year; also, our thanks are due to the Executive Mayor and Council's other political office-bearers, Councillors, the Auditor-General's staff and contracted-out auditors, and the Internal Auditor's staff for co-operation during the past year.

R BARRELL (Chairperson)
P BASTIAN
N METELERKAMP
D MULLER

Knysna
6 January 2011

KNYSNA MUNICIPALITY OVERSIGHT REPORT 2009/2010

1. Introduction

The 2009/2010 Annual Report was tabled in Council on 25 January 2011 in compliance with the Municipal Finance Management Act (MFMA) which requires under Section 127 (2) that:

“The Mayor of a municipality must, within seven months after the end of a financial year table in municipal council the annual report of the municipality.”

In dealing with the tabled Annual Report, Council is required to adopt an Oversight Report by not later than two months from the date of tabling, which for the 2009/2010 report will be 31 March 2011.

An Oversight Report should contain Council’s comments on the annual report and must include under section 129 (1) of the MFMA a statement as to whether the Council:

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

2. The Oversight Committee

Two political parties are represented on the Oversight Committee. Two members of the Audit Committee were co-opted as advisory members of the Committee.

The functions of the Oversight Committee are to:

- Undertake a review and analysis of the Annual Report;
- Invite, receive and consider inputs from Councillors and Portfolio Committees, on the Annual Report;
- Consider written comments received on the Annual Report from the public consultation process;
- Conduct public hearings to allow the local community or any organ of state to make representations on the Annual Report;
- Receive and consider the views and comments of the Council’s Audit Committee on the annual financial statements and the performance report; and
- Prepare the draft Oversight Report taking into consideration, the views and inputs of the public, representatives of the Auditor General, organs of state, Councils’ Audit Committee and Councillors.

3. 2009/2010 Annual Report Consultation Process

The community was advised through the print media of the availability of the Annual Report and was invited to submit representations on the report.

The Annual Report was available at all municipal libraries and offices and was also placed on the Knysna Municipality web site. The Annual Report was also submitted to the Auditor General, National Treasury, Provincial Treasury and the Department of Local Government and Traditional Affairs.

At the closing date for public submissions of 11 February 2011 no submissions were received and a public hearing was held on 17 February 2011. It was not attended by any member of the Public or other interested party.

4. Summary of Comments on the 2009/2010 Annual Report

4.1 Council

As was the case in previous years, the Annual Report submitted to Council at its January 2011 meeting, whilst complete in respect of the financial information, **was deficient in respect of other important reporting requirements. Whilst the standard of the Report was better than prior years the English used, was in parts, still poor and the Annual Report contained numerous typing and factual errors.**

It is a sad reflection of the attitude of Municipal Officials to a statutory requirement that this is the fifth year that an incompletely prepared and structured document was not only presented to Council at its January meeting, but also widely publicised and advertised, as the Municipality's official Annual Report.

It would appear that certain officials regard the annual report as a tool to over emphasise successes and to underplay failures. An example of this is the statement in 2.3 that the number of jobs created was 9576 and the overplaying the success of the public participation process.

It should not be the function of the Oversight Committee to audit and edit the Annual Report.

These obvious errors in grammar and spelling have now largely been rectified and will be incorporated in the final published Annual Report and it is recommended that this revised Annual Report be attached to this report.

Certain matters are still not covered whilst other items need emphasis.

These are commented on below:-

- The report of the Auditor-General to Council on Performance Measurement states that there is a “lack of effective, efficient and transparent systems and internal controls regarding performance management”;
- The report of the Knysna Audit Committee includes a comment, which whilst relating to a post the reporting period event, is important and requires special emphasis. **This comment relates to the fact that no internal auditor has been appointed since 1 July 2010 and this has not been rectified by January 2011;**
- The Knysna Audit Committee’s conclusion “we cannot help getting the impression that, with few notable individual exceptions, there is not a sufficient appreciation among most Councillors, the Municipal staff and even some of the senior managers of the Municipality of the seriousness of the financial, infrastructural and service delivery challenges facing the Municipality, nor the importance of proper discipline and oversight, risk management, performance management and legal compliance”.
- Other matters mentioned by the Knysna Audit Committee are:-
 - (a) Knysna is economically weak with a very narrow tax base and, therefore, the municipality’s scope for property tax increases and the ability of debtors to pay their bills to the municipality will come under pressure,
 - (b) the under spending on maintenance of assets,
 - (c) the municipality’s liquidity position continues to be a major concern,
 - (d) the municipality has no Risk Management Policy in place,
 - (e) there are strong doubts as to whether the whole IDP/Budget/SDBIP process, including adequate public participation, was properly conducted in the first place, and,
 - (f) an unqualified audit report was received **but this was not a clean audit report.**
- The Accounting Officer’s assessment on any arrears on municipal taxes and service charges was not included;
- An assessment by the Accounting Officer of the Municipality’s performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget, was not shown;
- Whilst details of long term loans are provided in the financial statements, the revised Annual Report is silent on any other long term contracts;
- No details are included in the Annual Report on information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations;
- The report does not contain a three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework; and
- There is no mention how the municipality plans to deal with the upgrading of the decaying infrastructure and maintenance thereof.

- The backlog in streets and storm water are included in the table under Chapter 2.5.3 but no mention is made of either the extent or cost to address the backlog;
- Similarly the relocation of septic tanks in Sedgefield is mentioned in 2.5.3 but cost to address is not mentioned;
- The above comments should not be regarded as covering each and every possible shortfall in the contents of the Revised Annual Report.

4.2 Oversight Committee

The Oversight Committee held meetings on the following dates:

28 January 2011

9 February 2011

17 February 2011

Minutes of these meetings are attached as **Annexures A1 to A3**.

As mentioned in 4.1 there were certain material deficiencies in the original Annual Report which were raised at various Oversight Committee meetings and corrections were made. Set out below in 5 are reservations and comments which the Oversight Committee has with regard to the revised Annual Report.

4.3 Community/Other Spheres of Government Comments

The Auditor General submitted a comment on “corrections/ changes” to the Annual Report. These dealt mainly with spelling errors which have been amended in the revised report.

5. Reservations and Comments

5.1 Format of Annual Report

Whilst the Annual Report largely follows the Annual Report: Guideline (MFMA circular 11) the omissions and errors in the original Annual Report were numerous. The Oversight Committee has in past recommended that templates be prepared for future Annual Reports to facilitate the preparation of the data. Had cognisance been taken of this recommendation then the quality of the Annual Report would have been significantly improved.

The committee has drafted a template/checklist which has been handed to the Officials for use in future years. This should also assist in ensuring that information is not omitted whilst providing a reasonability check on the current information.

5.2 Service Delivery Backlogs

It is of particular concern to the Oversight Committee that no reliable information is available in respect of service delivery backlogs for roads and storm water and sewerage. No comments are included on other infrastructure items which are decaying such as sea walls.

It is recommended that every effort be made to establish the exact state of all backlogs before completion of the next Annual Report.

Without this information proper planning can not take place.

5.3 Annual Performance Report

The revised Annual Report now contains the Service Delivery and Budget Implementation Plan 2009/2010 with targets for 2010/2011. However, these targets are not complete in all aspects nor does it provide any details of how improvements planned for the next year will be achieved. This requires further fine tuning.

5.4 General

As mentioned under 4.1 the Annual Report presented to January 2011 meeting was deficient and did not fulfill requirements of an Annual Report.

The Committee is of the opinion that it is unacceptable for a document which was presented to Council, to various Government Departments and to the general public should contain so many errors which could have been avoided had proper care been exercised in its preparation.

The Committee strongly recommends that more care be exercised in producing information which is released for public consumption.

6. Summary of components to be revised and/or included in the 2008/2009 Annual Report

The Annual Report as submitted to the January 2011 Council meeting as amended is presented to Council together with this report.

7. Recommendation

- (a) That Council having fully considered the revised annual report of the municipality for the 2009/2010 financial year and representation thereon, adopt the Oversight Report together with the amended Annual Report with the reservations about the shortcomings listed under 4.1 of this report;
- (b) that Council notes the comments of the Oversight Committee as recorded under 5 above and that the Mayor be requested to ensure that these deficiencies be rectified in the Annual Report for the Current Year.
- (c) that the quality of the Annual Report as produced be included as a factor in the performance evaluation of all officials who have to provide the necessary inputs for the completion of a top class Annual Report.
- (d) that the oversight report be made public in accordance with Section 129 (3) of the Municipal Finance Management Act 56 of 2003; and
- (e) that the oversight report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act 56 of 2003.

J K A Botha (Chairperson)

S R Loliwe

A Matungana

N Metelerkamp

D Muller

ANNEXURE A1**MINUTES**

of the First meeting
of the

OVERSIGHT COMMITTEE
held

in the Committee Room
on

Friday, 28 January 2011

at 09:00

IN ATTENDANCE**Members Present:**

CIlr Botha, J K A
CIls Loliwe, S R
CIlr Matungana, A
Mr Metelerkamp, N

Chairperson

Member, Audit Committee (Co-Opted)

Non-members:

Mr Roux, J
Mr McCartney, W

Manager: Administration (Secretary)
Manager: Performance, Internal Audit and Risk Management

Members Absent:

Ms Muller, D

Member, Audit Committee (Co-Opted)

1. WELCOME

The Chairperson opened the meeting and welcomed all present.

2. MEMBERS PRESENT

Ms des Muller tendered an apology, which was accepted.

3. OVERSIGHT COMMITTEE : TERMS OF REFERENCE

The Committee noted the terms of reference

4. CO-OPTING MEMBERS TO THE OVERSIGHT COMMITTEE

It was

RESOLVED

That in terms of paragraph b[iii] of Council Resolution 8.1.3. dated 29 January 2008, the two members nominated by the Audit Committee, Mr N Metelerkamp and Ms D Muller, be co-opted as advisory members of the Oversight Committee.

5. WORKING SCHEDULE**RESOLVED**

That the schedule of tasks of the Oversight Committee attached to the agenda be adopted.

6. ANNUAL REPORT

The final Annual Report for 2009/2010 was discussed and errors, omissions and inconsistencies pointed out. Members were requested to forward any further comments to the Secretary

RESOLVED

That the errors, omissions and inconsistencies in the annual report, as pointed out, be attended to by the Manager: Administration.

7 NEXT MEETING**RESOLVED**

That the next meeting of the Oversight Committee be held on Wednesday, 9 February 2011 at 09:00.

ANNEXURE A2

MINUTES

of the Second meeting
of the

OVERSIGHT COMMITTEE

held

held

in the Committee Room
on

Wednesday, 9 February 2011

at 09:00

IN ATTENDANCE

Members Present:

Cllr Botha, J K A Chairperson
Cllr Loliwe, S
Cllr Matungana, A

Mr Metelerkamp, N Member, Audit Committee (Co-Opted)
Ms Muller, D Member, Audit Committee (Co-Opted)

Non-members:

Mr Roux, J Manager: administration

1. WELCOME

The Chairperson opened the meeting and welcomed all present.

2. MEMBERS PRESENT

All members were present

3. APOLOGIES

Mr W McCartney: Manager: Performance, Internal Audit and Risk Management

4. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting was adopted and confirmed.

4.1. MINUTES OF THE FIRST MEETING OF THE OVERSIGHT COMMITTEE HELD ON 2 MARCH 2009**RESOLVED**

That the minutes of the First Meeting of the Oversight Committee held on 9 February 2011 be adopted and confirmed.

4.2. MATTERS ARISING FROM THE MINUTES

No matters arose.

5. CONSIDERATION OF INPUT AND/OR REPRESENTATIONS BY THE COMMUNITY

The Committee noted that no inputs have been received from the community to date and that any inputs received before the closing date, 12 February 2011, would be considered at the next meeting.

It was further noted that inputs were received from the Auditor-General's Office, that do not require consideration as it comments on spelling and grammar that will be corrected.

NOTED

6. ANNUAL REPORT

The Committee discussed the inputs of the members on the Annual Report and requested that the required amendments be made.

The matters to be addressed in the Oversight Report were discussed and the Chairperson undertook to prepare a draft oversight report to be considered at the next meeting.

RESOLVED

That the inputs of the members of the Committee be noted and incorporated in the Annual Report.

7. NEXT MEETING

RESOLVED

That the next meeting of the Oversight Committee to consider the comments of the community and the draft Oversight Report be held on Thursday, 17 February 2011 at 09:00

-oOo-

ANNEXURE A3**MINUTES**

of the Third Meeting of the

OVERTSIGHT COMMITTEE

held

in the Committee Room

on

Thursday, 17 February 2011

at 09:00

IN ATTENDANCE**Members:**

CIIR Botha, J K A
CIIR Loliwe, S

Chairperson

Mr Metelerkamp, N
Ms Muller, D

Member, Audit Committee (Co-Opted)
Member, Audit Committee (Co-Opted)

Non-members:

Mr Roux, J

Manager: administration

Ms Brown, E

Administrative Assistant

1. WELCOME

The Chairperson opened the meeting and welcomed everybody present.

2. APOLOGIES

Cllr A Matungana

Mr W McCartney: Manager: Performance, Internal Audit and Risk Management

2. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the Second Meeting of the Oversight Committee held on 9 February 2011 be adopted and confirmed.

6. ANNUAL REPORT

The Committee noted that all the amendments and corrections to the Annual Report had been done, except for the changes to the Auditor-General's report and to Table 52, which will be included in the final document to be submitted to Council.

NOTED

7. CONSIDERATION OF INPUT AND/OR REPRESENTATIONS BY THE COMMUNITY

The Committee noted that no verbal or written inputs were received from the community and expressed its disappointment in the lack of interest.

NOTED

8. DRAFT OVERSIGHT REPORT

The draft oversight report circulated with the agenda was discussed.

RESOLVED

That the Oversight Report attached to the minutes be adopted by the Committee and submitted to Council for consideration in terms of Section 129 of the Municipal Finance Management Act, 2003.

9. NEXT MEETING

RESOLVED

That the Committee adjourns as it had concluded its business regarding the Annual Report for the 2009/2010 financial year.

EXTRACT : COUNCIL MINUTES

COUNCIL MEETING

MINUTES

17 MARCH 2011

8.11 **OVERSIGHT REPORT: 2009/2010 FINANCIAL YEAR**

Director: Corporate Services (Administration)

RESOLVED

- [a] That Council, having fully considered the revised annual report of the municipality for the 2009/2010 financial year and representation thereon, adopt the Oversight Report together with the amended Annual Report with the reservations about the shortcomings listed under paragraph 4.1 of the said report;
- [b] That Council notes the comments of the Oversight Committee as recorded under paragraph 5 of the Oversight Report and that the Mayor be requested to ensure that these deficiencies be rectified in the Annual Report for the current financial year;
- [c] That the quality of the Annual Report as produced be included as a factor in the performance evaluation of all officials who have to provide the necessary inputs for the completion of a top class Annual Report;
- [d] That the Oversight Report be made public in accordance with Section 129 (3) of the Municipal Finance Management Act 56 of 2003; and
- [e] That the Oversight Report be submitted to the Provincial Legislature in accordance with section 132(2) of the Municipal Finance Management Act 56 of 2003.